

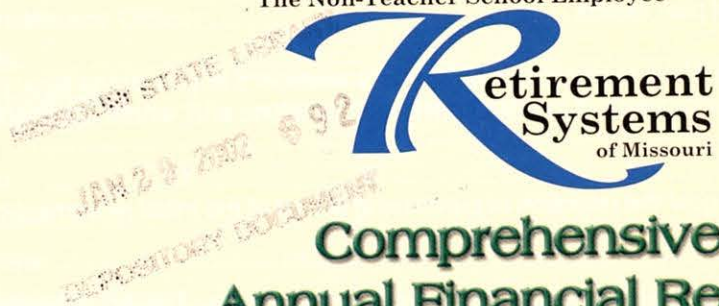
The Public School &
The Non-Teacher School Employee

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Retirement
Systems
of Missouri

**Comprehensive
Annual Financial Report
for the year ended
June 30, 2001**

The Public School &
The Non-Teacher School Employee



**Comprehensive
Annual Financial Report
for the year ended
June 30, 2001**

Prepared by the
Finance, Investment and Communication Staffs

Mission Statement

The Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri (PSRS and NTRS) work in partnership with the member school districts of this state to provide eligible employees and their beneficiaries with a significant source of income based on the employee's length of service and compensation in order to enhance retirement, disability and death benefits received from other sources.

It is the fiduciary responsibility of those charged with administration of PSRS and NTRS to:

- ❖ effectively collect contributions,
- ❖ prudently invest the assets to obtain optimum returns,
- ❖ equitably provide benefits, and
- ❖ impartially and in accordance with applicable law administer the benefit programs.

The Board of Trustees and staff are committed to providing services to the members and beneficiaries professionally, promptly, courteously, and efficiently.

Mission Statement Principles

- ❖ We will conduct the business of the retirement systems in accordance with the mission statement.
- ❖ We will act as fiduciaries in the management of all funds for the exclusive benefit of our members.
- ❖ We will adhere to our investment policy to ensure the highest possible investment return consistent with the prudent investment of plan assets.
- ❖ We will have as our goal the replacement of 80% of a member's final average salary after a 30-year career through the combination of income from public pensions and, where applicable, the federal social security system.
- ❖ We shall have as our goal the retention of purchasing power of the initial retirement benefit through the retirement years.
- ❖ We will maintain an independent retirement system that retains the power of the trustees to set actuarial assumptions, appoint consultants, employ staff, establish a budget and conduct all business of the retirement systems.
- ❖ We will prepare and distribute an annual financial report that adheres to generally accepted accounting principles.
- ❖ We will provide prompt, courteous and accurate service to our members.
- ❖ We will provide clear and complete information to the members and the districts through the use of a summary plan document, newsletters, an annual member account statement and any other documents deemed necessary.
- ❖ We will adhere to the highest standards of ethical conduct.

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Introductory Section

Board of Trustees

Transmittal Letter

Certificate of Achievement in Financial Reporting

Organizational Chart

Professional Services

Introductory Section

Board of Trustees*

As of June 30, 2001

Nancy Gaines

Chair

Elected NTRS Member

Term Expires 6/30/02



Wayne Wheeler

Vice-Chair

Elected PSRS Member

Term Expires 6/30/04



Veronica Hambacker

Elected

PSRS Member

Term Expires 6/30/02



Lynn Harmon

Appointed

Member

Term Expires 8/28/02



Peggy Preston

Elected

PSRS Member

Term Expires 6/30/04



William Wasson

Appointed

Retired Member

Term Expires 6/30/02



*One board position appointed by the governor is currently vacant.

Introductory Section



M. Steve Yoakum
Executive Director
(Ext. 1099)

John K. Boudinot
Asst. Executive
Director
(Ext. 1098)

Alan Thompson
General Counsel
(Ext. 1097)

Mary Hiatte
Executive Assistant
(Ext. 1096)

December 6, 2001

TO: Board of Trustees and Members of the Retirement Systems:

I am pleased to present the *Comprehensive Annual Financial Report* of the Public School Retirement System of Missouri (PSRS) and the Non-Teacher School Employee Retirement System of Missouri (NTRS) for the fiscal year ended June 30, 2001. The management and staff of the systems are responsible for the accuracy and completeness of this report and for ensuring that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of PSRS and NTRS as of June 30, 2001.

Report Contents

This report is presented in five sections:

- The Introductory Section contains general information about the retirement systems;
- The Financial Section contains the independent auditors' report, the financial statements and related notes, and required supplemental schedules;
- The Investment Section contains a summary of the investment activities during the year, including investment performance;
- The Actuarial Section reports the funded condition of both systems, including a summary of major actuarial assumptions; and
- The Statistical Section contains general information concerning members, benefit recipients and finances.

Overview of the Retirement Systems

The Public School Retirement System of Missouri, a cost sharing multiple employer retirement system, was established in 1946 by an act of the Missouri legislature to provide retirement, disability and death benefits to full-time, certificated employees in the public schools and four-year regional universities. It has been amended to include part-time employees of public schools and no longer accepts new employees of the regional universities.

Introductory Section

The Non-Teacher School Employee Retirement System of Missouri, also a cost-sharing multiple employer retirement system, was established in 1965 by an act of the Missouri legislature to provide retirement, disability and death benefits to non-certificated school employees in the public schools, community colleges and junior colleges who have elected to join the system.

Financial Information

The systems' financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB). A system of internal controls is in place to help monitor and safeguard assets and promote efficient operations. An independent certified public accounting firm selected by the Board of Trustees performs a financial audit each year. In addition, the systems employ an internal auditor who performs operational reviews to ensure that control systems are functioning effectively and as intended.

Revenue sources include contributions by members, matching contributions from employers, and investment income. During 2000-2001, PSRS members contributed 10.5% of their earnings and NTRS members contributed 4.5% of their earnings to their respective retirement system. These contributions, as well as the employer matching contributions, are required by state statute. Expenses include the payment of benefits, refunds of member contributions, and administrative expenses. The Board of Trustees approves a budget for administrative expenses before the beginning of each fiscal year.

The additions and deductions to the funds of the systems during the 2000-01 fiscal year are shown in the tables below:

(Dollars in millions)

	<u>PSRS</u>	<u>NTRS</u>	<u>2000-01 TOTAL</u>	<u>1999-00 TOTAL</u>	<u>INC (DEC)</u>
<u>Additions</u>					
Contributions	\$ 660	\$ 75	\$ 735	\$ 693	6%
Net Investment Income	<u>(407)</u>	<u>(29)</u>	<u>(436)</u>	<u>1,569</u>	(128%)
Total	<u>\$ 253</u>	<u>\$ 46</u>	<u>\$ 299</u>	<u>\$2,262</u>	(87%)
<u>Deductions</u>					
Monthly Benefits	\$ 750	\$ 49	\$ 799	\$ 681	17%
Lump-sum Refunds	35	9	44	46	(4%)
Administrative Expenses	<u>4</u>	<u>2</u>	<u>6</u>	<u>6</u>	0%
Total	<u>\$ 789</u>	<u>\$ 60</u>	<u>\$ 849</u>	<u>\$ 733</u>	16%

During the year, 2,628 new service retirees were added to the PSRS monthly rolls, while 978 were added to the NTRS monthly rolls.

Introductory Section

Investment Activities

The past fiscal year proved to be a difficult period for all institutional investors, including PSRS/NTRS. However, our disciplined investment approach and conservative strategy allowed PSRS/NTRS to outperform most of our peers during this period.

The PSRS investment portfolios generated a -1.9% return for the fiscal year while NTRS generated a -1.7% return. Although this return fell below our actuarially assumed rate of 8%, our annualized rate of return for the five-year period ending June 30, 2001 was 10.5% for both systems. Information regarding investment policies and strategies is included in the investment section of this report.

Funding Status

PSRS and NTRS are defined benefit retirement systems. This means that a formula made up of credit (years of service) times final average salary, times a multiplier (2.5% for PSRS and 1.61% for NTRS) creates each member's retirement benefit. The systems are also known as actuarial reserve retirement systems. Thus, a level contribution payment in conjunction with a moveable amortization period determines the relative health of the systems. As of June 30, 2001, PSRS is 99.4% funded, while NTRS is 103.1% funded. The actuarial value of the assets of PSRS is \$21.1 billion while the accrued liability is \$21.3 billion. The actuarial value of the assets of NTRS is \$1.7 billion while the accrued liability is \$1.6 billion.

Major Initiatives During 2000-2001

HB 660

Legislation enacted during the 2001 General Assembly was contained in SCS/HCS//HB 660 and provided for the following benefit increases in PSRS:

- Increased the benefit multiplier from 2.5% to 2.55% for all years of service for members retiring with 31 or more years of credit beginning July 1, 2001 and ending July 1, 2008;
- Increased benefits by \$3 per year of creditable service for members retired before July 1, 2001; and
- Extended remaining benefits to surviving spouses of members of PSRS who remarried before August 28, 1995.

Improvements to NTRS were also contained in SCS/HCS//HB 660 and provided for the following benefit increases:

- Increased the formula factor from 1.51% to 1.61% with coordinating adjustments to the 25 and out factor;
- Increased the temporary benefit from 0.4% to 0.8%;
- Raised the cost-of-living cap from 75% to 80% of the retirement allowance; and
- Added a one-time special consultant benefit of 7.1% for members retired prior to July 1, 2001.

In addition to the above benefit improvements, this bill authorized noncertified employees of statewide, nonprofit educational organizations that serve the active membership of NTRS to

Introductory Section

become members of the system. The bill also directed the four retirement systems serving teacher and nonteacher employees of public schools in Missouri to promulgate joint rules for the recognition of service toward retirement eligibility under any of the systems.

New Facility

Construction on a new facility at 3210 West Truman Boulevard continued throughout the 2000-2001 fiscal year, with the PSRS and NTRS administrative staff moving into the new building in October 2001. The new facility provides easy access from any direction and allows us to better serve our members through an increase in office space. We now have private counseling offices; adequate parking and waiting areas; updated facilities for hosting Board of Trustee meetings; improved conference space; and a technology training area. We are very proud of this new facility and extend an invitation to our members to stop by for a tour when in Jefferson City.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PSRS and NTRS for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only one year. We believe our current report continues to meet the Certificate of Achievement program requirements and are submitting it to GFOA for consideration again this year.

Professional Services

Certain professional services are provided to the retirement systems by retained consultants. The required opinion letters from two of those consultants, Gabriel, Roeder, Smith and Company, actuaries, and Williams Keepers LLC, independent certified public accountants, are contained elsewhere in this report.

Investment consulting services, as well as investment manager search assistance and investment performance analysis, has been provided by Strategic Investment Solutions, of San Francisco, CA.

Acknowledgements

I would like to express my thanks and gratitude to the Board of Trustees, staff, and consultants who have worked diligently to produce this report and to ensure the successful operation of this retirement system. In addition, I would like to extend my best wishes to Joel Walters who retired in June 2001 from the position of Executive Director after serving the retirement systems for 19 years.

Respectfully submitted,



M. Steve Yoakum
Executive Director

Introductory Section



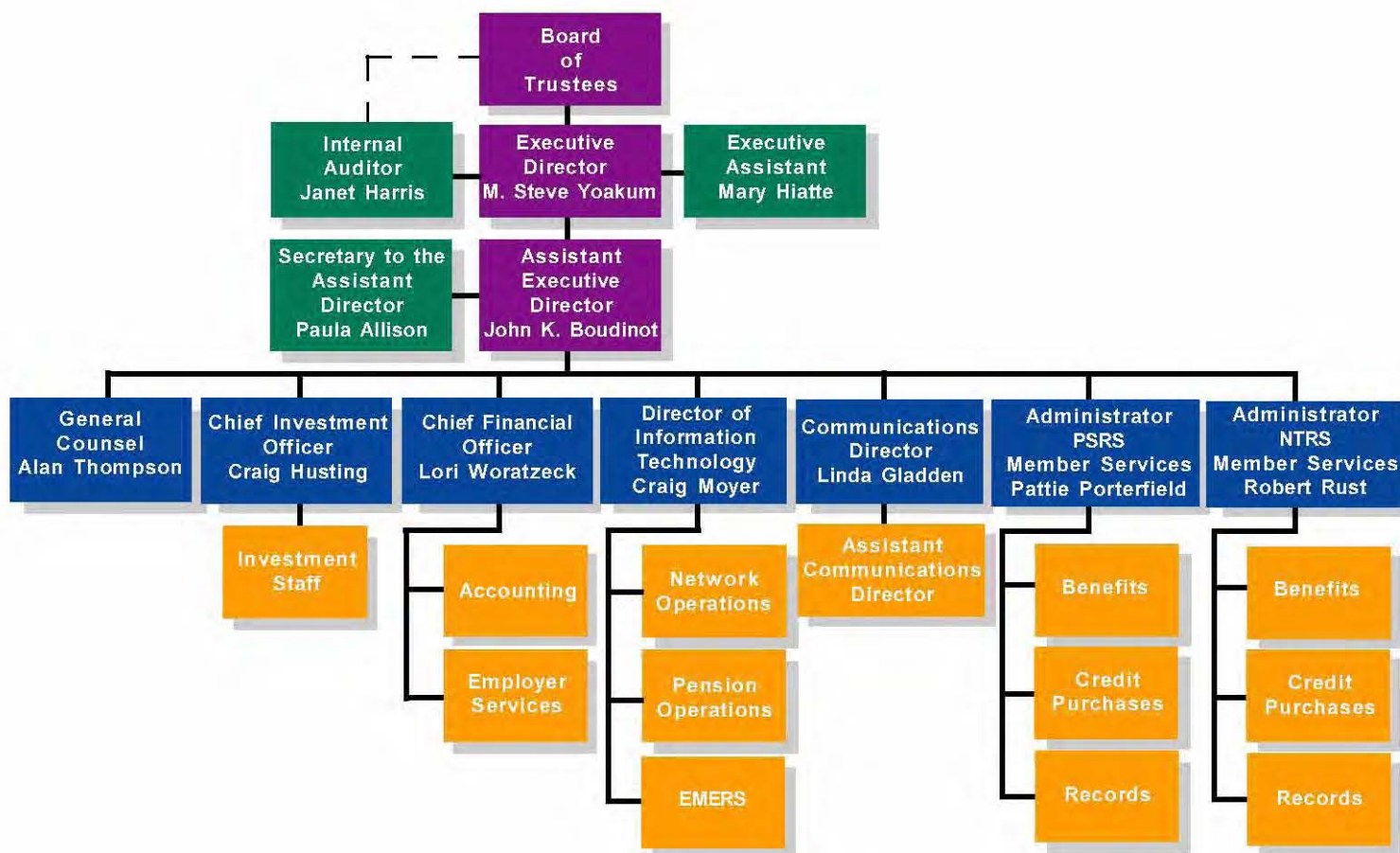
Introductory Section

The Public School &
The Non-Teacher School Employee



Organizational Chart

June 30, 2001



Introductory Section

Professional Services

June 30, 2001

Actuary

Gabriel, Roeder, Smith & Co.

Actuaries and Consultants
Norman S. Losk, FSA
Roseville, California

Auditor

Williams Keepers, LLC

Stephen C. Smith, CPA
Michael J. Oldelehr, CPA
Jill S. Hatfield, CPA
Jefferson City, Missouri

Computer Consultants

Huber & Associates, Inc.

James Huber
Jefferson City, Missouri

Mitten Software

Jim Morgan
Minnetonka, Minnesota

Mize, Houser & Company Professional Association

Marsha Oliver
Becky Holmquist
Topeka, Kansas

Insurance Consultant

Charlesworth & Associates

Bob Charlesworth
Overland Park, Kansas

Legal Counsel

Thompson Coburn Attorneys at Law

Allen Allred
St. Louis, Missouri

Legislative Consultant

Jack Pierce
Jefferson City, Missouri

Medical Advisor

Dr. Robert H. Tanner
Jefferson City, Missouri

Investment Management Consultant*

Strategic Investment Solutions, Inc.

Michael R. Beasley
San Francisco, California

U.S. Equity Investment Advisors*

Alliance Capital Management

John A. Koltes
Elizabeth Smith
Minneapolis, Minnesota

Dimensional Fund Advisors

Rex A. Siquefield
Carol Wardlaw
Santa Monica, California

DSI International

John Holmgren
Norwalk, Connecticut

State Street Global Advisors

Tom O'Brien
Toby Seggerman
Boston, Massachusetts

Thomson, Horstmann & Bryant, Inc.

Richard Horstmann
Al Thomson
Saddle Brook, New Jersey

Trust Company of the West (TCW)

Glen Bickerstaff
Brian Beitner
Los Angeles, California

Brinson Partners

John Leonard
Steven E. Wilde
Chicago, Illinois

International Investment Advisors*

Bank of Ireland Asset Management

Jane Neill
Lelia Long
Dublin, Ireland

INVESCO Global Asset Management

Erik Granade
Kirk Holland
Atlanta, Georgia

Oechsle International Advisors

Kathleen Harris
Jamie Macmillan
Boston, Massachusetts

State Street Global Advisors

David Chin
Toby Seggerman
Boston, Massachusetts

Fixed Income Investment Advisors*

BlackRock Financial Management

Andy Phillips
Robert Capaldi
New York, New York

NISA Investment Advisors

Jess Yawitz
Robert Krebs
St. Louis, Missouri

Payden & Rygel

Brian Matthews
Los Angeles, CA

State Street Global Advisors

Joe Marvin
Toby Seggerman
Boston, Massachusetts

Wellington Management Co., LLP

Tom Pappas
Robert A. Rodriguez
Boston, Massachusetts

Introductory Section

Professional Services *(continued)*

Master Trustee/Custodian*

State Street Bank and Trust Company

R. Scott Paton

Steve Davies

Boston, Massachusetts

E-MAP U.S. Equity Advisors*

Analytic Investors, Inc.

Harindra de Silva

Los Angeles, California

Dresdner RCM Global Investors, LLC

Mary Bersot

San Francisco, California

New South Capital Management

Brooke Morrow

Memphis, Tennessee

Next Century Growth Investors, LLC

Tom Press

Minneapolis, Minnesota

Quadrant One

Stanley Kirtman

New York, New York

Westwood Management Corporation

Susan Byrne

Dallas, Texas

Zevenbergen Capital, Inc.

Nancy Zevenbergen

Seattle, Washington

*Information on investment management and consulting fees can be found in the Schedule of Investment Expenses on page 52.

Financial Section

Independent Auditors' Report

Basic Financial Statements

Required Supplementary Information

Schedule of Administrative Expenses

Schedule of Investment Expenses

Schedule of Professional/Consultant Fees

Financial Section



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

JEFFERSON CITY
COLUMBIA
MEXICO

107 Adams - Jefferson City, MO 65101 - 573/635-6196 573/635=8394 fax

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri

We have audited the accompanying statement of plan net assets of the Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri (the System) as of June 30, 2001 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the System as of June 30, 2000, were audited by other auditors whose report dated September 8, 2000, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri at June 30, 2001 and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules of funding progress and employer contributions on pages 28 and 29 are not a required part of the basic financial statements of the System, but are required by the Governmental Accounting Standards Board (GASB). The supplementary information included on pages 30 through 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. Such information, included on pages 28 through 32, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Williams - Keepers LLC

September 14, 2001

Financial Section

Statements of Plan Net Assets

as of June 30, 2001 with the comparative totals for June 30, 2000

TOTALS

	PSRS	NTRS	June 30, 2001	June 30, 2000
ASSETS				
Cash	\$ 44,618,633	\$ 16,845,042	\$ 61,463,675	\$ 66,539,060
Receivables				
Contributions	101,777,075	7,607,027	109,384,102	95,083,110
Accrued Interest and Dividends	77,268,442	6,325,405	83,593,847	87,679,550
Investment Sales	391,226,373	40,051,852	431,278,225	1,141,427,142
Due from NTRS	74,122	-	74,122	66,588
Other	62,962	1,599	64,561	213,870
Total Receivables	570,408,974	53,985,883	624,394,857	1,324,470,260
Investments, at fair value				
Fixed Income	9,535,151,332	751,165,456	10,286,316,788	10,023,924,025
Domestic Stocks	7,710,830,248	606,792,749	8,317,622,997	8,382,542,985
International Equities	2,773,793,171	221,971,159	2,995,764,330	3,544,368,546
Short Term Investments	349,104,184	33,103,632	382,207,816	814,653,866
Total Investments	20,368,878,935	1,613,032,996	21,981,911,931	22,765,489,422
Invested Securities Lending Collateral	1,753,183,322	129,926,251	1,883,109,573	1,738,848,553
Prepaid Expenses	179,947	4,027	183,974	74,235
Fixed Assets, net of accumulated depreciation	8,021,343	3,953	8,025,296	3,417,696
TOTAL ASSETS	22,745,291,154	1,813,798,152	24,559,089,306	25,898,839,226
LIABILITIES				
Accounts Payable	6,399,433	440,991	6,840,424	5,868,725
Interest Payable	245,545	25,443	270,988	381,801
Securities Lending Collateral	1,753,183,322	129,926,251	1,883,109,573	1,738,848,553
Investment Purchases	801,538,387	73,286,180	874,824,567	1,809,556,957
Due to PSRS	-	74,122	74,122	66,588
Lease Liability	2,175	-	2,175	19,012
Compensated Absences	233,659	-	233,659	229,539
TOTAL LIABILITIES	2,561,602,521	203,752,987	2,765,355,508	3,554,971,175
Net Assets Held in Trust for Pension Benefits (Schedules of funding progress for the plans are presented on page 28.)	\$ 20,183,688,633	\$ 1,610,045,165	\$ 21,793,733,798	\$ 22,343,868,051

See accompanying Notes to the Financial Statements.

Financial Section

Statements of Changes in Plan Net Assets

for the year ended June 30, 2001 with comparative totals for the year ended June 30, 2000

	TOTAL			
	PSRS	NTRS	2001	2000
ADDITIONS				
Contributions:				
Employer	\$ 324,525,673	\$ 37,500,243	\$ 362,025,916	\$ 339,129,957
Member	335,275,218	37,933,940	373,209,158	354,077,971
Total Contributions	659,800,891	75,434,183	735,235,074	693,207,928
Investment Income				
<i>From Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	(875,072,915)	(67,633,629)	(942,706,544)	1,073,505,582
Interest from Investments	392,664,857	32,162,906	424,827,763	409,843,939
Interest from Bank Deposits	258,333	40,875	299,208	259,720
Dividends	84,962,026	6,591,617	91,553,643	97,049,216
Total Investment Income (Loss)	(397,187,699)	(28,838,231)	(426,025,930)	1,580,658,457
Less Investment Expenses	22,141,134	1,815,352	23,956,486	22,091,655
Net Income (Loss) from Investing Activities	(419,328,833)	(30,653,583)	(449,982,416)	1,558,566,802
<i>From Security Lending Activities:</i>				
Security Lending Gross Income	124,703,720	10,444,503	135,148,223	113,174,893
Less Security Lending Activity Expenses:				
Agent Fees	2,556,547	219,353	2,775,900	2,318,978
Broker Rebates	109,990,275	9,218,930	119,209,205	100,465,978
Total Security Lending Expenses	112,546,822	9,438,283	121,985,105	102,784,956
Net Income from Security Lending Activity	12,156,898	1,006,220	13,163,118	10,389,937
Total Net Investment Income (Loss)	(407,171,935)	(29,647,363)	(436,819,298)	1,568,956,739
Other Income:				
NTRS Capital Asset Charge	226,639	-	226,639	168,668
Miscellaneous Income	582,945	72,786	655,731	119,358
Total Other Income	809,584	72,786	882,370	288,026
Total Additions	253,438,540	45,859,606	299,298,146	2,262,452,693
DEDUCTIONS				
Monthly Benefits	749,891,078	49,038,279	798,929,357	680,511,245
Refunds of Contributions	35,046,720	9,201,092	44,247,812	46,000,508
Administrative Expenses	3,994,691	2,241,991	6,236,682	5,629,382
Other Expenses	14,434	4,114	18,548	2,376
Total Deductions	788,946,923	60,485,476	849,432,399	732,143,511
NET INCREASE (DECREASE)	(535,508,383)	(14,625,870)	(550,134,253)	1,530,309,182
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	20,719,197,016	1,624,671,035	22,343,868,051	20,813,558,869
End of Year	\$ 20,183,688,633	\$ 1,610,045,165	\$ 21,793,733,798	\$ 22,343,868,051

See accompanying Notes to the Financial Statements

The Public School Retirement System of Missouri and
the Non-Teacher School Employee Retirement System of Missouri

Financial Section

Notes to the Financial Statements

June 30, 2001

(with Comparative Information for June 30, 2000)

Note 1 — Plan Descriptions

The Board of Trustees of the Public School Retirement System administers two separate retirement systems, the Public School Retirement System (PSRS) and the Non-Teacher School Employee Retirement System (NTRS). The Board of Trustees consists of seven members, three of whom are elected PSRS active members, one an elected active member of NTRS and three persons appointed by the Governor, one of whom must be a retired member of either PSRS or NTRS.

The funds of the two systems are invested in conjunction with each other but each system retains title to its own investments. Each system's assets may be used only for the payment of benefits to the members of the separate system in accordance with the statutes governing that system.

The Public School Retirement System

The Public School Retirement System of Missouri (PSRS) is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. The system also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989.

PSRS was established as an independent trust fund by an Act of the Missouri General Assembly effective August 1, 1945. Statutes governing the retirement system are found in Sections 169.010-169.141 and Section 169.560-169.595 RSMo. It is a defined benefit plan providing service retirement, death and disability benefits to its members. Service retirement benefits vest after 5 years of creditable service. Members who retire with 5 years of service (on or after age 60), 25 years of service (on or after age 55) or 30 years of service are entitled to an allowance for life determined using a 2.5% formula factor. Members who qualify under the "rule of 80" (service credit and age total at least 80) can also retire using a 2.5% factor. Actuarially reduced retirement benefits are available with 5 to 24.9 years of service at age 55 or with 25 years of service (if not yet age 55). Members who have not yet reached age 55 and do not qualify under the "rule of 80" but who have between 25 and 29.9 years of credit may retire with a lesser benefit formula during a window that will close July 1, 2003. Annual cost-of-living adjustments (COLAs) are provided for eligible service and disability retirees and for surviving beneficiaries receiving payments under optional retirement plans, up to a lifetime maximum of 80% of the original benefit amount.

Contributions — PSRS members were required to contribute 10.5% of their annual covered salary during both fiscal years. The employing districts were required to match the contributions made by employees. The contribution rate is set each year by the Board of Trustees upon the recommendation of the independent actuary within the maximum contribution limit set in Section 169.030 RSMo. Administrative costs are financed through investment earnings. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

Members — The number of PSRS membership and benefit recipients served by the system at June 30 was:

	2001	2000
Retirees and beneficiaries receiving benefits	29,234	27,238
Inactive members entitled to but not yet receiving benefits	4,203	3,852
Active members: Vested	49,471	49,286
Non-vested	<u>23,217</u>	<u>22,420</u>
Total active members	72,688	71,706
Other inactive members	<u>4,727</u>	<u>3,887</u>
Total	<u>110,852</u>	<u>106,683</u>

Employers — PSRS had 548 contributing employers during both fiscal years.

Financial Section

The Non-Teacher School Employee Retirement System

The Non-Teacher School Employee Retirement System of Missouri (NTRS) is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City) and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to NTRS. Employees of PSRS who do not hold Missouri teaching certificates also contribute to NTRS.

NTRS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the retirement system are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of NTRS on the Trustees of the Public School Retirement System.

NTRS is a defined benefit plan providing service retirement and disability benefits to its members. Service retirement benefits vest after 5 years of creditable service. Members who retire with 5 years of service (on or after age 60), 25 years of service (on or after age 55) or 30 years of service are entitled to an allowance for life. Members who qualify under the "rule of 80" (service credit and age total at least 80) may also retire under the full formula. Beginning July 1, 2000, members qualifying for "Rule of 80" or "30 and out" are entitled to a temporary .4% benefit multiplier until reaching minimum Social Security age (currently age 62). Beginning July 1, 2001, this temporary benefit increased to .8%. Actuarially reduced retirement benefits are available with 5 years of service at age 55. Members who have not reached age 55 but who have between 25 and 29.9 years of credit may retire with a lesser benefit formula within a window that will end July 1, 2003. Annual cost-of-living adjustments (COLAs) up to a lifetime maximum of 80% of the original benefit amount are provided for eligible service and disability retirees and for surviving beneficiaries receiving payments under optional retirement plans.

Contributions — NTRS members were required to contribute 4.5% of their annual covered salary during both fiscal years. The employing districts were required to match the contributions made by their employees. The contribution rate is set each year by the Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions in Section 169.620 RSMo. Administrative costs proportional to its membership size are reimbursed by NTRS to the Public School Retirement System and are financed through investment earnings.

Members – The number of NTRS membership and benefit recipients served by the system at June 30 was:

	<u>2001</u>	<u>2000</u>
Retirees and beneficiaries receiving benefits	13,673	13,061
Inactive members entitled to but not yet receiving benefits	2,498	2,184
Active members: Vested	19,022	18,540
Non-Vested	<u>26,495</u>	<u>24,993</u>
Total active members	45,517	43,533
Other inactive members	<u>11,493</u>	<u>9,827</u>
Total	<u>73,181</u>	<u>68,605</u>

Employers — NTRS had 535 contributing employers during both fiscal years.

Financial Section

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting — The financial statements of both systems were prepared using the accrual basis of accounting. For both systems, member and employer contributions are required by state statute and are recognized in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the statutes governing the systems. Expenses are recognized when the liability is incurred, regardless of when payment is made.

Deposits — Cash balances include the operating balances held by the depository banks. These deposits were fully insured by the FDIC and collateralized as required under Sections 169.045 and 169.640 RSMo at June 30, 2001 and 2000. To maximize investment income, the float caused by outstanding checks is invested in overnight repurchase agreements, thus causing a possible negative book balance. These overnight repurchase agreements are reflected on the Schedule of Investments in Note 4. Cash balances also include short-term securities that are held by the custodial bank to meet future system obligations. The following are the balances of these accounts at June 30:

	<u>2001 Book</u>	<u>2001 Bank</u>	<u>2000 Book</u>	<u>2000 Bank</u>
PSRS				
Depository Bank	\$ 18,443,621	\$ 19,943,690	\$ 13,201,473	\$ 15,852,885
Custodial Bank	\$ 23,929,749	\$ 23,929,749	\$ 37,671,648	\$ 37,671,648

NTRS

Depository Bank	\$ (561,288)	\$ -	\$ (585,598)	\$ -
Custodial Bank	\$ 15,009,127	\$ 15,009,127	\$ 11,368,409	\$ 11,368,409

Receivables — Receivables consist primarily of contributions owed and yet to be remitted by the employing districts, pending investment trades and interest and dividends payable to the systems as of the end of each fiscal year.

Method Used to Value Investments — Investments are reported at fair value on a trade date basis. Securities traded on international exchanges are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Fixed Assets — The building and most other fixed assets are owned by PSRS and are stated at cost less depreciation accumulated since acquisition. The stated value does not purport to represent replacement or realized value. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to forty years in the following major classes: computers and software, three years; vehicles, five years; equipment, five years; building and land improvements, fifteen years; building, forty years.

NTRS owns office equipment purchased before 1997 and follows the same guidelines for depreciation. NTRS reimburses PSRS for the use of fixed assets used by the two systems on a proportional basis. The amount of this reimbursement was \$226,639 in 2001 and \$168,668 in 2000.

Capital Lease — PSRS entered into a three-year lease agreement during 1997-98 for a color copier. In 1998-99 an enhancement was added and recorded at the present value of the enhancement. These agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the lower of fair market value or the present value of the future minimum lease agreements. The future minimum lease obligations and the net present value of these payments as of June 30, 2001 were \$2,175.

Financial Section

Note 3 — Designations of Net Assets Held in Trust for Pension Benefits

The systems designate the net assets held in trust for pension benefits for specific purposes. All categories are 100% funded except as noted:

PSRS

	2001	2000
<i>Designated for Members' Contributions (Member Reserves) —</i>		
Accumulation of active and terminated member contributions plus interest.	\$ 4,141,256,015	\$ 3,986,130,419
<i>Designated for the Payment of Benefits to Present Retirees —</i>	9,503,551,714	7,800,384,625
Transfers from Member Reserves at retirement and an actuarially determined transfer from Operating Reserves to fund the system's obligation for benefit payments and cost-of-living adjustments to current retirees and beneficiary recipients.		
<i>Designated for Additional Deposit Annuities —</i> Accumulation of the additional deposits over and above the contributions required by law. Defined contribution annuity payments are made to current retirees from this reserve.	1,369,729	1,460,237
<i>Designated for Operating Expenses/Benefits to Future Retirees (Operating Reserves) —</i> Accumulation of employer contributions and investment income used to fund future benefit payments, interest on member accounts and administration and maintenance expenses of the system.	6,537,511,175 ¹	8,931,221,735 ²
Net Assets Held In Trust For Pension Benefits	\$20,183,688,633	\$20,719,197,016
Note: ¹ 98.3% funded ² 117.8% funded		

NTRS

	2001	2000
<i>Designated for Members' Contributions (Member Reserves) —</i>		
Accumulation of active and terminated member contributions plus interest.	\$ 303,324,367	\$ 275,343,498
<i>Designated for the Payment of Benefits to Present Retirees —</i>	565,125,714	467,652,620
Transfers from Member Reserves at retirement and an actuarially determined transfer from Operating Reserves to fund the system's obligation for benefit payments and cost-of-living adjustments to current retirees and beneficiary recipients.		
<i>Designated for Operating Expenses/Benefits to Future Retirees (Operating Reserves) —</i> Accumulation of employer contributions and investment income used to fund future benefit payments, interest on member accounts and administration and maintenance expenses of the system.	741,595,084 ³	881,674,917 ⁴
Net Assets Held In Trust For Pension Benefits	\$ 1,610,045,165	\$ 1,624,671,035
Note: ³ 106.5% funded ⁴ 119.5% funded		

Note 4 — Investments

Authorization of Investments — Funds for both systems that are in excess of a safe operating balance are invested by the investment agents under policies and procedures established by the Board of Trustees. Chapter 160.040 RSMo as amended effective August 13, 1984, authorizes any investment which a prudent person acting in a like capacity and familiar with similar matters would use in the conduct of an enterprise of a like character and with like aims. Any person with fiduciary responsibility with respect to the retirement systems is covered by this "prudent person" rule.

Financial Section

Categories of Custodial Credit Risk — The Governmental Accounting Standards Board Statement No. 3 requires disclosure of custodial credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the systems' custodial agent in the name of each system. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's custodial agent in the name of each system. Category 3 includes uninsured and unregistered investments, which are held by the custodial agent, but not in the systems' names.

A security for purposes of credit risk disclosure is a transferable financial instrument that evidences ownership or creditorship. "Securities" do not include investments made in open-end pooled funds or securities on loan to broker-dealers under the security lending program. Such investments are shown as "not categorized."

PSRS

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Category 1 Investments		
Municipals	\$ 23,801,498	\$ 21,938,143
FHA/VA Mortgages	4	266
US Government & Agencies Securities	2,565,148,571	2,971,354,283
Domestic Fixed Income	2,102,248,871	1,634,102,952
Domestic Equities	4,113,335,861	4,755,711,264
International Equities	1,718,310,916	2,054,427,428
REITS	5,732,258	4,914,625
Treasury bonds, notes & bills	13,715,004	-
Commercial Paper	171,937,755	276,284,605
Category 2 Investments		
Repurchase Agreements	2,245,263	2,972,354
Investments Not Categorized		
Loaned Under The Securities Lending Program		
U.S. Governmental and Agencies Securities	1,147,387,313	954,686,554
Domestic Corporate Fixed Income Securities	39,350,030	47,996,850
Domestic Equities	137,216,706	174,867,137
International Equities	429,229,273	413,942,585
Pooled Funds		
Domestic Corporate Fixed Income Securities	3,737,736,549	3,748,693,692
Domestic Equities	3,454,545,423	2,847,066,121
International Equities	626,252,982	820,221,122
Money Market Fund	82,929,921	391,976,714
Total Investments	20,371,124,198	21,121,156,695
Security Lending Collateral (not categorized)	1,753,183,322	1,591,493,126
Total	<u>\$22,124,307,520</u>	<u>\$22,712,649,821</u>
Reconciliation to Statement of Plan Net Assets		
Number from Above	\$22,124,307,520	\$22,712,649,821
Less:		
Security Lending Collateral	(1,753,183,322)	(1,591,493,126)
Repurchase Agreements reported as cash	<u>(2,245,263)</u>	<u>(2,972,354)</u>
Investments per Statement of Plan Net Assets	<u>\$20,368,878,935</u>	<u>\$21,118,184,341</u>

Financial Section

NTRS

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Category 1 Investments		
Municipals	\$ 1,764,086	\$ 1,692,116
US Government & Agencies Securities	219,928,142	215,082,738
Domestic Fixed Income	172,591,204	124,337,547
Domestic Equities	306,786,299	362,847,272
International Equities	138,822,195	163,627,077
REITS	412,716	499,525
Treasury bonds, notes & bills	1,768,223	-
Commercial Paper	17,757,235	25,343,700
Category 2 Investments		
Repurchase Agreements	2,397,203	1,910,774
Investments Not Categorized		
Loaned Under The Securities Lending Program		
U.S. Governmental and Agencies Securities	71,513,114	99,227,570
Domestic Fixed Income	3,329,160	3,182,521
Domestic Equities	20,404,261	16,262,913
International Equities	34,679,716	28,682,423
Pooled Funds		
Domestic Corporate Fixed Income Securities	295,617,924	290,094,567
Domestic Equities	279,189,473	220,374,128
International Equities	48,469,248	63,467,911
Money Market Fund	-	32,583,073
Total Investments	1,615,430,199	1,649,215,855
Security Lending Collateral (not categorized)	129,926,251	147,355,427
Total	<u>\$ 1,745,356,450</u>	<u>\$ 1,796,571,282</u>
Reconciliation to Statement of Plan Net Assets		
Number from Above	\$ 1,745,356,450	\$ 1,796,571,282
Less:		
Security Lending Collateral	(129,926,251)	(147,355,427)
Repurchase Agreements reported as cash	(2,397,203)	(1,910,774)
Investments per Statement of Plan Net Assets	<u>\$ 1,613,032,996</u>	<u>\$ 1,647,305,081</u>

Derivatives — The retirement systems are parties to certain financial investments with off-balance sheet risk used in the normal course of business to generate earnings and reduce exposure to fluctuations in market conditions. International security managers are authorized to engage in forward contracts to exchange different currencies at a specified date and rate. These forward contracts involve elements of custodial and market risk in excess of the amount recognized in the Statement of Plan Net Assets. The forward exchange contracts purchased/sold in effect at June 30 are shown below.

<u>2001</u>	<u>Purchase Value</u>	<u>Fair Value</u>
PSRS	\$ 54,761,282	\$ 53,935,159
NTRS	4,528,267	4,459,761
<u>2000</u>	<u>Purchase Value</u>	<u>Fair Value</u>
PSRS	\$ 95,669,597	\$ 95,796,542
NTRS	8,046,598	8,054,715

Financial Section

The "Net Appreciation in Fair Value of Investments" found on the Statement of Changes in Plan Net Assets includes for PSRS a net gain on forward contracts and currency disposal of \$9,890,190 during 2000-2001 and a net loss of \$3,090,097 during 1999-2000. NTRS had a similar net gain of \$798,393 during 2000-2001 and a net loss of \$214,973 in 1999-2000.

The retirement systems also participate in three pooled index funds that use off-balance-sheet financing instruments. The derivatives in the S&P 500 Index Fund are S&P 500 futures and those in the Russell 1000 Value Fund are S&P Barra Value futures, both of which are used to accommodate cash flows and to equitize receivables while maintaining tight tracking to the index. The derivatives in the developed country portion of the ACWI World ex-US Fund are also index futures used for the same purposes as in the domestic equity fund. In some emerging market countries, equity swaps are used to achieve part of the exposure. As of June 30, 2001, these off-balance-sheet financial instruments comprised 1.02% of the \$64.4 billion S&P 500 Index Fund, 0.84% of the \$5.1 billion Russell 1000 Value Fund, and 1.42% of the \$10.6 billion ACWI World ex-US Fund. PSRS' participation in these funds was 3.61%, 13.28%, and 5.88%, respectively. The NTRS exposure was 0.29%, 1.05%, and 0.46%.

On June 30, 2000, off balance sheet financial instruments comprised 0.82% of the \$82.5 billion S&P 500 Index Fund, 2.5% of the \$5.5 billion Russell 1000 Value Fund, and 1.88% of the \$31.7 billion ACWI World ex-US Fund. PSRS' participation in these funds was 2.92%, 11.51%, and 2.57%, respectively. The NTRS exposure was 0.23%, 0.89%, and 0.20%.

Neither the percentages of participation in the funds nor the funds' exposure to derivatives differed substantially from the June 30 figures throughout either year.

Security Lending Activity – Under the "prudent person" authority of the governing statutes and in accordance with the policies set by the Board of Trustees, the systems lend securities to broker-dealers and banks pursuant to a form of loan agreement. The systems' custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the systems lent securities and received cash (both U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral. The systems did not have the ability to pledge or sell noncash collateral absent borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in U.S. dollars or whose primary trading market was located in the United States, or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

The systems did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on their behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

The systems and borrowers each maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested; together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. The average duration of such investment pool as of June 30, 2001 was 75 days and an average weighted maturity of 548 days. Because the loans were terminable at will, their duration did not match the duration of the investments made with cash collateral. On June 30, 2001 the systems had no credit risk exposure to borrowers because the amounts the systems owe the borrowers exceed the amounts the borrowers owe the systems.

The collateral held (including both cash collateral recognized in the "Statement of Plan Net Assets" and non-cash collateral) and the fair values of securities on loan for PSRS were \$1,703,681,787 and \$1,655,307,037 for June 30, 2001 and \$1,791,900,256 and \$1,736,958,631 for June 30, 2000. Net security lending income was \$12,156,898 for the 2000-2001 fiscal year and \$9,622,204 for the 1999-2000 fiscal year.

The collateral held (including both cash collateral recognized in the "Statement of Plan Net Assets" and non-cash collateral) and the fair values of securities on loan for NTRS were \$167,706,214 and \$141,284,215 for June 30, 2001 and \$158,036,140 and \$154,272,485 for June 30, 2000. Net security lending income was \$1,006,220 for the 2000-2001 fiscal year and \$767,733 for the 1999-2000 fiscal year.

Financial Section

The collective investment pool in which the collateral received from security lending loans is invested has the following characteristics. The fair value of the investments held by the pooled fund is based upon valuations provided by a recognized pricing service. Because the pooled fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, the fund's investments are valued at fair market value for reporting purposes. The pooled fund is not registered with the Securities and Exchange Commission. The custodial bank and, consequently, the investment vehicles it sponsors (including the pooled fund) are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the systems' position in the pooled fund is not the same as the value of the fund shares. The systems had no involuntary participation in an external investment pool through this fund and no income from one fund was assigned to another fund by the custodial bank during either fiscal year.

Note 5 – Additional Deposits Program

Section 169.035 RSMo provides for an additional deposits program for PSRS members. Members may make payments above the required defined benefit contribution amount to the retirement system in order to provide a monthly annuity at retirement based on the total of the deposits and interest.

This annuity is in addition to the defined benefit allowance provided by the system. Contributions to the program are tax-sheltered. As of September 1, 1996 new deposits to the program were limited to members currently with deposits in the program. No additional deposits were made during 2000-2001. The deposits and interest of the two members who have not yet retired totaled \$4,978 as of June 30, 2001.

The deposits to the program are included in the investment program of the PSRS defined benefit plan. The additional deposits, program's basis of accounting, and the asset valuation are identical to the defined benefit plan.

Note 6 – Retirement Plans

Section 401 (a) Defined Benefit Plan

All full-time retirement system employees holding a valid Missouri teaching certificate are covered by PSRS. All other eligible employees are members of NTRS. Both systems provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 169 RSMo contains the statutory provisions of both systems.

PSRS members were required to contribute 10.5% of their annual covered salary during both years. PSRS, as the employer, was required to match that amount. The contribution rate is established and may be amended by the Board of Trustees. Employer contributions to PSRS totaled \$46,644 for the 2000-2001 fiscal year and \$48,122 for 1999-2000. The amounts for these years are equal to the required contributions.

NTRS members were required to contribute 4.5% of their annual covered salary during both years. PSRS, as the employer, was required to match that amount. The contribution rate is established and may be amended by the Board of Trustees. Employer contributions to NTRS totaled \$132,876 for the 2000-2001 fiscal year and \$115,429 for 1999-2000. The amounts for these years are equal to the required contributions.

Section 457 Deferred Compensation Plan

A Section 457 deferred compensation plan is also administered to provide additional retirement benefits for employees. Participation in this plan is voluntary. The level of contributions is elected by the employee, subject to limitations of IRC Section 457. The system matches the employee contributions up to a set maximum. For members of PSRS, the system will match up to \$50 per month. For members of NTRS, the system will match \$50 plus 1.29% of salary per month. Members immediately vest in the matching contributions. Employer matching contributions totaled \$62,189 for the 2000-2001 fiscal year and \$51,325 for the 1999-2000 fiscal year.

Financial Section

Maintenance of individual member accounts and custody of assets have been contracted to a third party administrator and investment custodian. Member contributions are sent directly to the third party administrator by the system. Members can self-direct investments of their contributions and their respective share of matching contributions in a number of investment options. Because the system does not hold the plan's assets and does not have significant administrative responsibilities, the plan's assets and changes in net assets are not reported in the systems' financial statements.

Note 7 — Risk Management

The retirement systems are exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The systems have chosen to cover such losses through the purchase of commercial insurance. There have been no material insurance claims filed or paid during the past three years.

The systems have a disaster recovery plan that provides for continued computer operations at a remote location should the retirement office be unavailable for normal operations.

Note 8 – Commitments and Contingencies

PSRS was committed to the future purchase of investments at a cost of \$801,538,387 on June 30, 2001 and to the future purchase of \$1,676,347,259 in investments on June 30, 2000. NTRS had investment commitments of \$73,286,180 on June 30, 2001 and \$133,209,698 on June 30, 2000.

Certain legal proceedings are pending against PSRS and NTRS arising from normal activities which, based on the advice of legal counsel, will not have a material effect on the financial statements.

PSRS is in the process of constructing a new administration building. The total construction contract amount is \$5,657,383. Of this amount, \$4,619,891 has been paid leaving \$1,037,492 outstanding at June 30, 2001.

Financial Section

Schedules of Funding Progress

Required Supplementary Information

Public School Retirement System

(Dollar amount in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/1996	\$ 11,510,625	\$ 12,231,746	\$ 721,121	94.1%	\$ 2,283,994	31.6%
6/30/1997	13,099,219	12,449,178 ¹	(650,04)	105.2%	2,427,429	(26.8%)
6/30/1998	14,979,358	14,471,049 ²	(508,309)	103.5%	2,577,594	(19.7%)
6/30/1999	17,209,870	16,373,144 ³	(836,726)	105.1%	2,690,007	(31.1%)
6/30/2000	19,437,223	18,279,113 ⁴	(1,158,110)	106.3%	2,836,062	(40.8%)
6/30/2001	\$ 21,146,294	\$ 21,282,203⁵	\$ 135,909	99.4%	\$ 2,982,051	4.6%

¹ Assumptions used to calculate salary growth and COLA increases for retirees were revised.

² Legislative improvements to the benefit formula and to retirees' benefits added \$1.1 billion to the AAL.

³ Legislative improvement to age of eligibility ("rule of 80") and an ad hoc benefit increase to retirees added \$982.5 million to the AAL.

⁴ Legislative improvements to benefits added \$643 million to the AAL.

⁵ Legislative improvements to benefits added \$630.3 million to the AAL. Assumptions were also revised.

Non-Teacher School Employee Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/1996	\$ 876,886	\$ 879,561	\$ 2,675	99.7%	\$ 538,022	0.5%
6/30/1997	1,001,035	964,212 ¹	(36,823)	103.8%	556,534	(6.6%)
6/30/1998	1,150,311	1,036,347 ²	(113,964)	111.0%	616,303	(18.5%)
6/30/1999	1,335,308	1,168,511 ³	(166,797)	114.3%	685,272	(24.3%)
6/30/2000	1,522,660	1,395,300 ⁴	(127,360)	109.1%	735,400	(17.3%)
6/30/2001	\$ 1,686,242	\$ 1,636,076⁵	\$ (50,166)	103.1%	\$ 814,158	(6.2%)

¹ Assumptions used to calculate salary growth and COLA increases for retirees were revised.

² Legislative improvements to the lifetime COLA limit, 25 and out benefit eligibility window, and an ad hoc benefit increase for retirees added \$13.7 million to the AAL.

³ Legislative improvements to the benefit formula and to retirees' benefits added \$80.3 million to the AAL.

⁴ Legislative improvements to benefits added \$80.3 million to the AAL.

⁵ Legislative improvements to benefits added \$126.4 million to the AAL. Assumptions were also revised.

Financial Section

Schedules of Employer Contributions

Required Supplementary Information

Public School Retirement System

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1996	\$ 238,630,542	100%
1997	251,957,622	100%
1998	273,125,719	100%
1999	287,698,736	100%
2000	304,944,352	100%
2001	\$ 324,525,673	100%

Non-Teacher School Employee Retirement System

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1996	\$ 20,966,576	100%
1997	24,393,542	100%
1998	27,315,729	100%
1999	30,012,859	100%
2000	34,185,605	100%
2001	\$ 37,500,243	100%

Notes to the Schedules of Trend Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2001
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent, Open
Remaining amortization period	NA
Asset valuation method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected salary increases*	
PSRS	5.0 - 10.0%
NTRS	5.0 - 10.0%
*Includes inflation at	3.5%
Cost-of-living adjustments	3.5%

Financial Section

Schedule of Administrative Expenses

for the year ended June 30, 2001

	PSRS	NTRS	TOTAL
Personal Services	\$ 2,286,994	\$ 1,332,465	\$ 3,619,459
Professional Services			
Actuarial	113,468	61,555	175,023
Audit	21,391	7,809	29,200
Accounting Consultants	571	350	921
Computer Consultants	1,510	925	2,435
Insurance Consultant	3,720	2,280	6,000
Legislative Consultant	13,020	7,980	21,000
Legal Expenses	<u>28,916</u>	<u>4,810</u>	<u>33,726</u>
Total Professional Services	182,596	85,709	268,305
Communications			
Information and Publicity	296,623	184,350	480,973
Postage	54,633	43,942	98,575
Printing	32,430	41,220	73,650
Staff Field	33,026	22,378	55,404
Telephone	<u>70,922</u>	<u>43,467</u>	<u>114,389</u>
Total Communications	487,634	335,357	822,991
Miscellaneous			
Building and Utilities	57,132	35,015	92,147
Board of Trustees	35,345	21,665	57,010
Insurance	65,323	40,036	105,359
Office	128,605	82,032	210,637
Staff Development	69,434	40,053	109,487
Miscellaneous	<u>109,486</u>	<u>40,932</u>	<u>150,418</u>
Total Miscellaneous	465,325	259,733	725,058
Charge For Use of Fixed Assets	-	226,639	226,639
Depreciation Expense	<u>572,142</u>	<u>2,088</u>	<u>574,230</u>
Total Administrative Expenses	<u>\$ 3,994,691</u>	<u>\$ 2,241,991</u>	<u>\$ 6,236,682</u>

Financial Section

Schedule of Investment Expenses

for the year ended June 30, 2001

	PSRS	NTRS	TOTAL
Investment Management Expenses			
U S Equity	\$ 10,400,653	\$ 785,288	\$ 11,185,941
International Equity	6,538,243	493,157	7,031,400
U S Fixed Income	<u>3,433,300</u>	<u>258,420</u>	<u>3,691,720</u>
Total Investment Management Expenses	20,372,196	1,536,865	21,909,061
 Investment Consultant Fees	 306,018	 23,024	 329,042
 Custodial Bank Fees	 1,186,476	 89,305	 1,275,781
 Investment Staff Expenses	 <u>276,444</u>	 <u>166,158</u>	 <u>442,602</u>
 Total Investment Income Expenses	 <u>\$ 22,141,134</u>	 <u>\$ 1,815,352</u>	 <u>\$ 23,956,486</u>
 Security Lending Expenses			
Agent Fees	\$ 2,556,547	\$ 219,353	\$ 2,775,900
Broker Rebates	<u>109,990,275</u>	<u>9,218,930</u>	<u>119,209,205</u>
Total Security Lending Expenses	<u>\$ 112,546,822</u>	<u>\$ 9,438,283</u>	<u>\$ 121,985,105</u>

Financial Section

Schedule of Professional/Consultant Fees for the year ended June 30, 2001

	PSRS	NTRS	TOTAL
Actuarial services	\$ 113,468	\$ 61,555	\$ 175,023
Legal counsel	28,916	4,810	33,726
Financial audit	21,391	7,809	29,200
Legislative consulting	13,020	7,980	21,000
Technology consulting	2,081	1,275	3,356
Insurance consulting	3,720	2,280	6,000
Total	<u>\$ 182,596</u>	<u>\$ 85,709</u>	<u>\$ 268,305</u>

Investment Section

Letter from Strategic Investment Solutions, Inc.

Letter from the Chief Investment Officer

Investment Highlights

PSRS/NTRS Asset Allocation

Total Fund Review

Asset Class Reviews

Broker Commission Reports

Investment Summary and Expenses



Investment Section

STRATEGIC INVESTMENT SOLUTIONS, INC.

601 CALIFORNIA STREET, STE. 200
SAN FRANCISCO, CALIFORNIA 94108

MICHAEL R. BEASLEY
MANAGING DIRECTOR

TEL 415/362-3484
FAX 415/362-2732

September 13, 2001

To the Members of the Board:

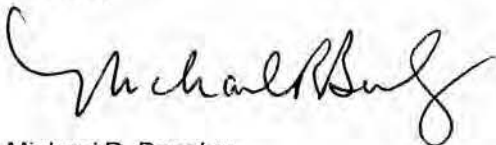
I am pleased to report the performance of the Systems' investments for Fiscal Year 2000-2001, a period of very unsettled worldwide financial markets. While the PSRS/NTRS investments have been structured to control excessive risk, the System's assets were not immune to the decline in the stock markets of the world during this fiscal year.

The Total Fund return for the fiscal year ended June 30, 2001 for PSRS was -1.9 percent, 5.3 percent for the past three years, and 10.5 percent for the past five years. The NTRS returned -1.7 percent for the fiscal year, 5.3 percent for the past three years, and 10.5 percent for the past five years. Both funds exceeded the policy index. The PSRS and NTRS Total Funds trailed its 8 percent actuarial target for the fiscal year, but exceeded it by 2.5 percent for the five-year period.

Asset class performance for the fiscal year was mixed. The US equity return was -9.3 percent for PSRS and -9.4 percent for NTRS, while the fixed income assets returned 11.3 percent and 11.2 percent, respectively. The international equity return was -21.4 percent for PSRS and -21.3 percent for NTRS. All performance results were calculated in compliance with the AIMR Performance Presentation Standards.

The Board spent part of the fiscal year preparing for an asset allocation and liability study that will be conducted in Fiscal Year 2002. The study will review the financial condition of the two Funds and may result in asset mix changes to enhance the funded status. As always, thank you for giving us the opportunity to participate in this partnership with you.

Sincerely,



Michael R. Beasley
Managing Director

Investment Section



November 1, 2001

To the Members of the System:

On behalf of the PSRS and NTRS internal investment staff, I am pleased to present the following reports on the Systems' investments for the fiscal year ending June 30, 2001. The combined PSRS and NTRS Retirement Systems ended the year as one of the 50 largest defined benefit plans in the United States with total assets of \$21.7 billion.

After an 18-year bull market in equities, the world equity markets slumped considerably in the last fiscal year. U.S. stock markets were down 14 percent, the worst single fiscal year performance since 1970. International equity markets were down 24 percent, the worst fiscal year performance since 1974. As a diversified long-term investor, the Systems were not immune to this downturn in the markets and PSRS and NTRS recorded the first negative return since 1994. The total fund performance for the fiscal year ending June 30, 2001 was -1.9 percent for PSRS and -1.7 percent for NTRS while the total annualized fund performance for the five-year period was 10.5 percent for both PSRS and NTRS. The Systems' basic investment objective is to achieve a total return that exceeds the actuarial assumption of 8 percent over rolling five-year periods. Thus, while PSRS and NTRS fell well short of the 8 percent assumption this past year, the objective was clearly achieved over the most recent five-year period. The solid long-term results are due, for the most part, to the ability of the Board of Trustees to operate under long-term policies. This long-term focus allows the Board to adhere to sound investment principles during periods of short-term volatility (such as this past fiscal year) when the markets have low or even negative returns.

The Board and staff strive to achieve superior investment performance within appropriate risk levels and at reasonable cost. To that end, PSRS and NTRS continue to manage the assets of the Systems at a very low cost as the total investment expenses for fiscal year 2001 were approximately \$24 million, or 11 cents per \$100 managed. While \$24 million is meaningful in an absolute sense, the Systems' total expenses were significantly less than the public fund average of 20 cents per \$100 managed.

Fiscal year 2001 proved to be a continuation of the slide in the markets that began at the peak of the technology bubble in March of 2000. From a broad perspective, the right course of action in times of economic uncertainty (for an institutional investor such as the Retirement Systems) is to continue to follow a long-term disciplined investment strategy. The main determinant of a pension fund's long-term success is related to its asset allocation. The Board adopted a diversified allocation in 1995 of 47 percent fixed income, 38 percent domestic equities and 15 percent international equities (that was reaffirmed by the Board in 1998). It is particularly important to note (in light of today's economy) that this is one of the most conservative asset allocations of any public retirement system in the country. Thus, while our total fund return is negative for the year, the diversified portfolio that has been implemented has provided substantial downside protection against the falling equity markets. Furthermore, the implementation of the asset allocation (specifically the active managers employed by the Systems) provided additional protection as the total fund outperformed the policy benchmark by \$475 million or 2.2 percent during the last fiscal year.

The Systems have benefited significantly from the increase in assets over the past decade. However, the world has changed. Today's challenges were unthinkable two years ago. Remember the stock market's aura of invincibility? Inflation had been overcome. The economic cycle had been repealed. Stocks minted double-digit annual gains with ease. Obviously, the investment horizon that now lies ahead is more challenging and more uncertain. Thus, it has

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Telephone Number: (573) 634-5290; **Toll Free:** (800) 392-6848

FAX Numbers: Administration (573) 634-5375, Membership (573) 634-7934; Investments (573) 634-6248; Employer Services (573) 634-7911

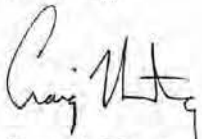
PSRS Web site: <http://www.psrsmo.org>; **NTRS Web site:** <http://www.ntrsmo.org>

Investment Section

become increasingly important for the Board and staff to make solid investment decisions going forward. To meet that challenge, the Board of Trustees, the internal investment staff and the Systems' asset consultant have spent the last year researching different asset classes and conducting in-depth analyses to restructure the asset allocation. The objective of this process is to ensure the optimal allocation of funds among asset classes given the Systems' return requirements, risk tolerance and liability stream. The challenge for any plan sponsor is to develop an allocation strategy with a high probability of meeting all of the fund's objectives. In today's environment, declining asset growth and economic uncertainty further exasperates this challenge. The asset allocation study will be completed in the coming year and will most likely include subtle changes to the allocation. As always, the decisions will not be made in a vacuum, but instead will be based on reliable information and an accurate understanding of the Retirement Systems' liabilities.

We fully expect a continuation of the health of the Systems through a disciplined investment strategy in a diversified portfolio of securities. In the end, it's about paying the benefits that you, the member, have been promised. Rest assured that the Board and staff are continually working to ensure that the Systems' assets are positioned to provide long-term financial security to the members of the Retirement Systems.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig A. Husting".

Craig A. Husting, CFA
Chief Investment Officer

Investment Highlights

As of June 30, 2001

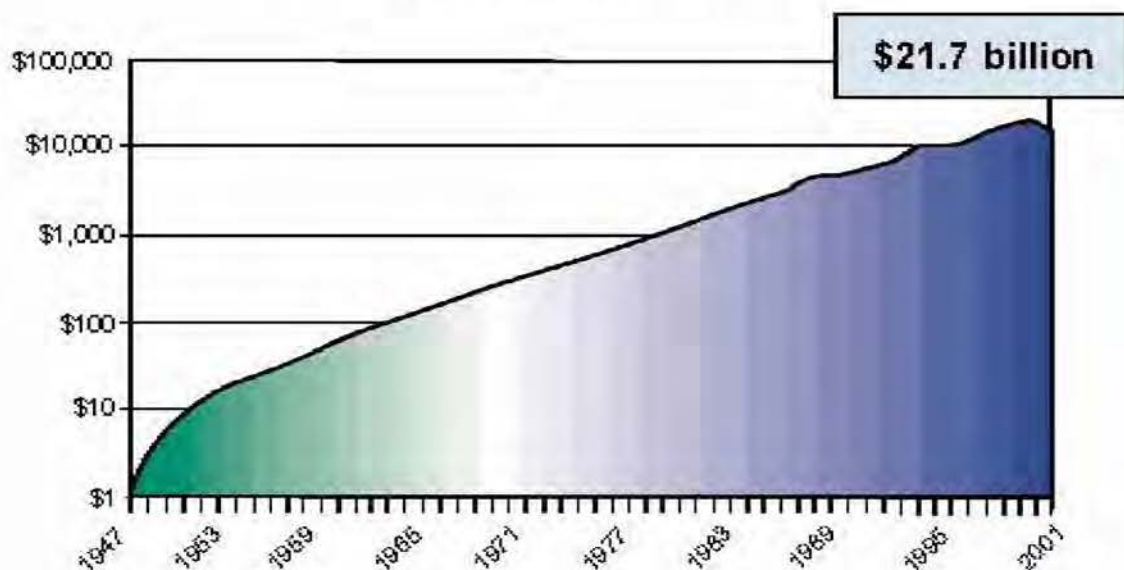
The Board of Trustees of the Public School & the Non-Teacher School Employee Retirement Systems (PSRS/NTRS) is charged with the responsibility for investing the assets of the Systems in a manner consistent with the fiduciary standards set forth in the 'prudent person' rule. To that end, the Board has adopted the following principles to guide all investment-related decisions:

- (1) Act in exclusive interest of the members of the System,
- (2) Maximize total return within prudent risk parameters,
- (3) Preserve the long-term purchasing power of the fund.

The investment portfolios of PSRS/NTRS represent all contributions to the plans, from members and their employers, as well as all net earnings on these assets. These funds are held in support of both future and current liabilities. Total assets as of June 30, 2001 were \$21.7 billion in comparison to \$22.2 billion as of June 30, 2000, decreasing by approximately \$0.5 billion due to depreciating equity markets and benefit payments in excess of current contributions. The long-term growth in assets since the inception of PSRS in 1946 and NTRS in 1965 is shown in the graph below.

54 Years of Growth

(dollar amounts in millions)



Investment Section

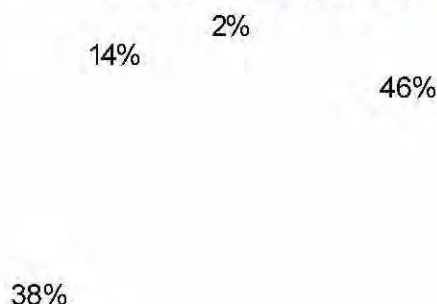
PSRS/NTRS Asset Allocation

As of June 30, 2001

The time horizon of the Systems' investment portfolio reflects the long-term nature of the PSRS/NTRS pension obligations. Accordingly, diversification among investments displaying unique risk and return characteristics provides the framework for selecting an asset allocation that is expected, in the aggregate, to give the funds the highest long-term return within a prudent risk level.

In late 1995, the Board adopted the asset allocation targets of 47 percent U.S. Fixed Income, 38 percent U.S. Equity and 15 percent Non-U.S. Equity. This represented a significant increase in the percentage of assets invested in domestic and international stocks when compared to previous allocations. These targets were reaffirmed in 1998. In accordance with the Systems' Investment Policy, the asset allocation is reviewed formally every three years and will again be examined in late 2001 and early 2002. The pie chart below shows the allocation of assets as of June 30, 2001.

Asset Allocation 6/30/01



Asset Type	PSRS Market Value	NTRS Market Value	Combined Funds*	% of Total	Target Allocation
U.S. Fixed Income	\$ 9,205,131,664	\$ 729,895,989	\$ 9,935,027,653	45.9%	47.0%
U.S. Equity	7,739,403,884	612,098,935	8,351,502,819	38.5%	38.0%
Non-U.S. Equity	2,751,595,020	217,277,388	2,968,872,408	13.7%	15.0%
Cash & Equivalents	362,069,004	41,728,750	403,797,754	1.9%	0.0%
Total Investments**	\$20,058,199,572	\$1,601,001,062	\$21,659,200,634	100.0%	100.0%

* All manager-held cash is reflected as Cash & Equivalents.

** Total Investments include accrued income and exclude securities lending collateral as of June 30, 2001.

Investment Section

Total Fund Review

Periods Ended June 30, 2001

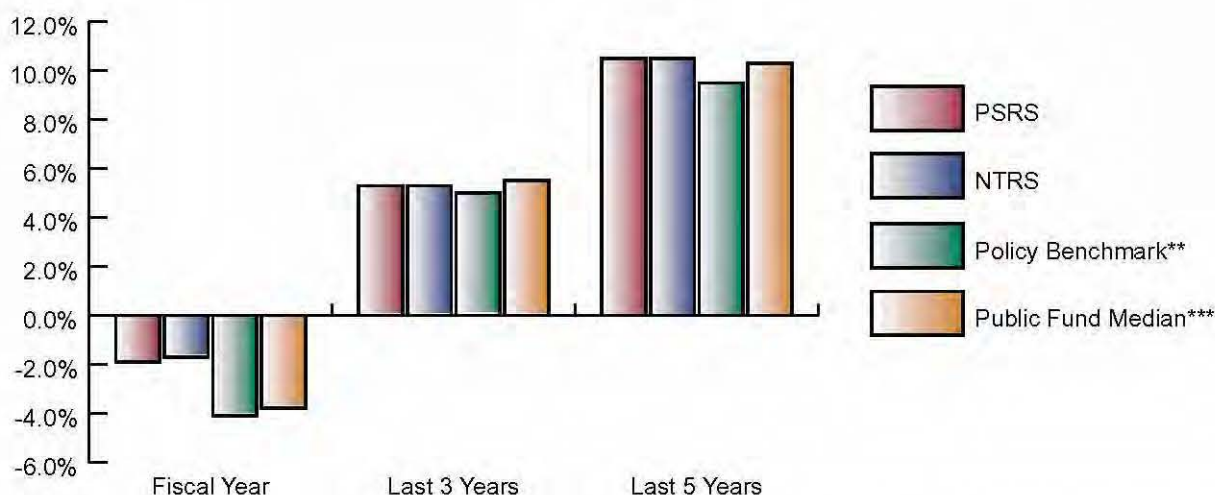
Total Fund Investment Returns*

The Board has established a long-term goal to achieve a total investment return of at least 8.0 percent per year and a real rate of return of at least 4.5 percent per year. The real rate of return is the rate by which the long-term total return exceeds the inflation rate.

The one-year total returns of -1.9 percent for PSRS and -1.7 percent for NTRS were below the long-term investment objective of 8.0 percent due to a difficult market environment. However, over the past five years the annualized investment return of 10.5 percent for PSRS and NTRS easily exceeded both the 8.0 percent nominal return objective and the 4.5 percent real rate of return goal (the Consumer Price Index was an annualized 2.6 percent over the five year period).

Total Fund Investment Returns 6/30/01

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-1.9%	5.3%	10.5%
NTRS	-1.7%	5.3%	10.5%
Policy Benchmark **	-4.1%	5.0%	9.5%
Public Fund Median ***	-3.8%	5.5%	10.3%



* Returns were prepared using a time-weighted return in accordance with the Association for Investment Management and Research (AIMR) Performance Presentation Standards.

** The Policy Benchmark is comprised of 47% Lehman Aggregate Index, 38% Russell 3000 Index and 15% MSCI All Country World – ex U.S. Free Index.

*** The Independent Consultants Cooperative (ICC) median fund return reflects a universe of public pension plans with assets in excess of \$1 billion.

Investment Section

Fixed Income Review

As of June 30, 2001

Market Value

As of June 30, 2001, the combined PSRS/NTRS fixed income assets managed by external investment advisors had a market value of just over \$10.1 billion, representing 46.8 percent of total assets.

Fixed Income Statistics

The following table displays the statistical characteristics of the PSRS/NTRS bond portfolio as of June 30, 2001 with comparisons shown to the portfolio's policy benchmark (Lehman Aggregate Index). Additionally, the top ten fixed income holdings as of June 30, 2001 are compared to the top ten holdings of five years ago.

Characteristics	June 30, 2001 Combined Systems	June 30, 2001 Lehman Aggregate Index
Number of Securities	8,038	6,144
Average Coupon	6.7%	6.9%
Yield to Maturity	6.3%	6.2%
Average Maturity (Years)	8.9	8.3
Duration (Years)	5.0	4.8

Top Ten Largest Holdings* June 30, 2001	Combined Market Value	% of Total Bonds	Top Ten Largest Holdings* June 30, 1996	Combined Market Value	% of Total Bonds
USTB, 6.25%, 8/15/23	\$ 118,023,170	1.2%	USTB, 7.50%, 11/15/16	\$ 400,706,468	6.7%
FNMTB JUL 30, 7%, SINGLE FAM	117,643,029	1.2%	USTN, 11.50%, 8/15/03	296,034,889	5.0%
USTN, 6.5%, 2/15/10	104,252,493	1.1%	USTN, 14.25%, 2/29/00	291,458,100	4.9%
USTB, 12.75%, 11/15/10	100,758,944	1.0%	USTN, 13.00%, 8/15/05	261,140,019	4.4%
USTN, 3.95%, 7/2/01	91,855,800	0.9%	FHLMC GOLD TBA JUL30 7.50%	133,312,500	2.2%
FNMTB JUL 30, 6%, SINGLE FAM	90,138,883	0.9%	USTN, 8.75%, 10/15/97	131,364,990	2.2%
FNMTB JUL 30, 6.5%, SINGLE FAM	79,708,860	0.8%	GNMA TBA JUL30 8.50%	111,036,960	1.9%
FED HOME LN, 6.625%, 9/15/09	74,958,475	0.8%	USTN, 13.00%, 8/15/97	110,620,944	1.9%
USTB, 6.875%, 8/15/25	70,628,856	0.7%	FHLMC GOLD TBA JUL30 7.00%	103,983,480	1.7%
USTN, 7.25%, 5/15/04	62,470,590	0.6%	USTN, 6.00%, 5/31/98	84,813,850	1.4%
TOTAL	\$ 910,439,100	9.2%	TOTAL	\$1,924,472,200	32.3%

Key to Holdings

USTN = U.S. Treasury Note
USTB = U.S. Treasury Bond

GNMA = Government National Mortgage Association
FNMA = Federal National Mortgage Association
FHLMC = Federal Home Loan Mortgage Corporation

* Includes only actively managed separate accounts.

A complete list of portfolio holdings is available upon request.

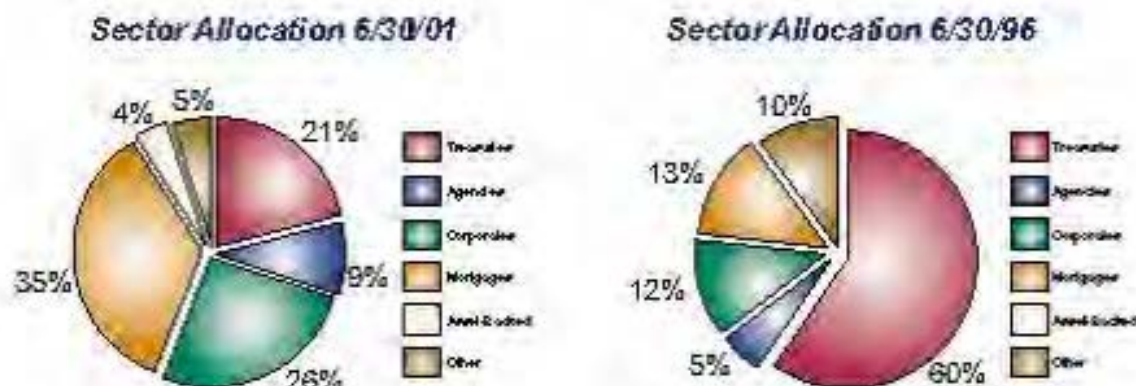
Fixed Income Review

As of June 30, 2001

Fixed Income Structure

As of June 30, 2001, approximately 40 percent of the PSRS/NTRS fixed income portfolio was passively managed by State Street Global Advisors while the remaining 60 percent was actively managed by four separate external managers. The basic fixed income portfolio structure was implemented in July 1996. There was one strategic investment change in February 2000 when the Board selected a 'core plus' bond manager to further diversify the fixed income portfolio. The 'core plus' assignment allows an external investment manager to invest in all major sectors of the fixed income market within defined guidelines.

The pie charts below depict the fixed income composite by showing the current sector allocation of the portfolio compared with that of five years ago on a market value basis.



Fixed Income Investment Advisors

The following firms were under contract with PSRS/NTRS during fiscal year 2001 for management of fixed income securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value*	% of Total Market Value
BlackRock Financial Management	Active Mortgages	\$ 1,561,049,812	7.2%
NISA Investment Advisors	Active Core	1,565,239,082	7.2%
Payden & Rygel	Active Core Plus	1,483,808,792	6.9%
State Street Global Advisors	Passive	4,033,354,473	18.6%
Wellington Management Company	Active Core	1,494,695,611	6.9%
Total		\$ 10,138,147,770	46.8%

* Includes manager cash.

Investment Section

Fixed Income Review

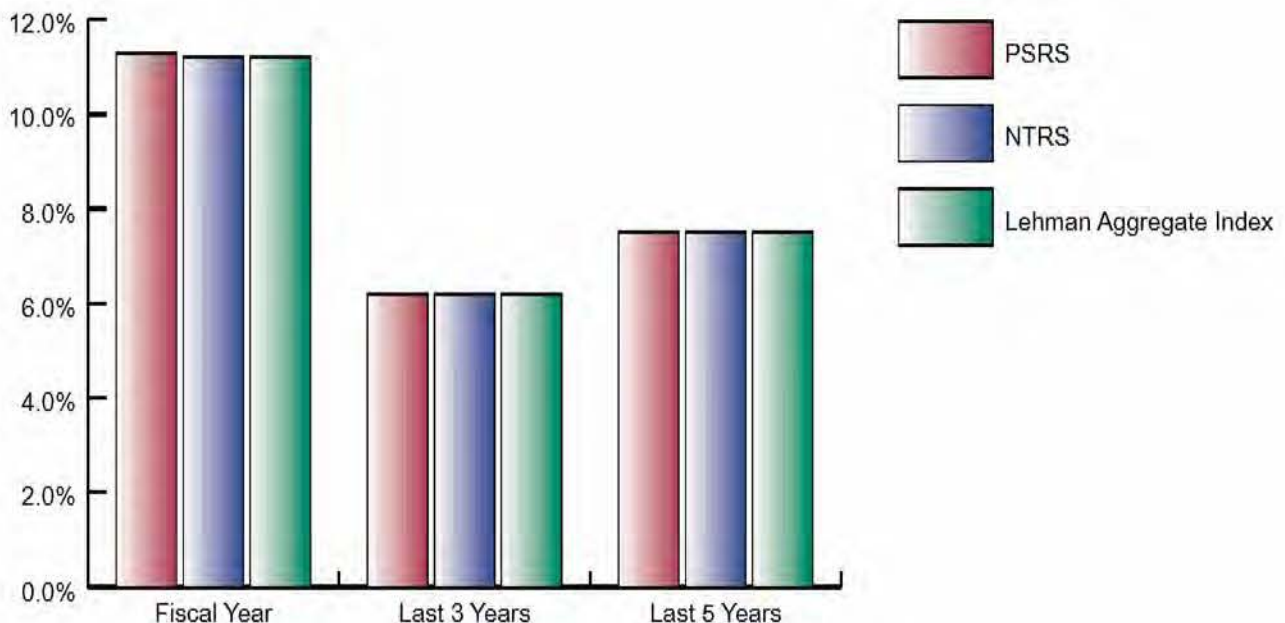
Periods ended June 30, 2001

Fixed Income Investment Returns

The total return on the PSRS and NTRS bond portfolios for the fiscal year was 11.3 percent and 11.2 percent, respectively, compared with the Lehman Aggregate Index return of 11.2 percent. Over the five-year period ending June 30, 2001, the bond portfolios achieved an annual return of 7.5 percent, equaling the return of the benchmark.

Fixed Income Investment Returns 6/30/01

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	11.3%	6.2%	7.5%
NTRS	11.2%	6.2%	7.5%
Lehman Aggregate Index	11.2%	6.2%	7.5%



Investment Section

Domestic Equity Review

As of June 30, 2001

Market Value

As of June 30, 2001, the combined PSRS/NTRS domestic equity assets managed by external investment advisors had a market value of approximately \$8.4 billion, representing 38.9 percent of total assets.

Domestic Equity Statistics

The following table displays the statistical characteristics of the PSRS/NTRS domestic equity portfolio as of June 30, 2001 with comparisons shown to the portfolio's policy benchmark (Russell 3000 Index). Additionally, the top U.S. stock holdings as of June 30, 2001 are compared to the top ten holdings of five years ago.

Characteristics	June 30, 2001 Combined Systems	June 30, 2001 Russell 3000 Index
Number of Securities	3,288	2,853
Dividend Yield	1.2%	1.3%
Price-to-Earnings Ratio	25.6	26.3
Avg. Market Capitalization	\$88 bil.	\$95 bil.
Price-to-Book Ratio	5.3	5.5

Top Ten Largest Holdings* June 30, 2001	Combined Market Value	% of Total U.S. Equities	Top Ten Largest Holdings* June 30, 1996	Combined Market Value	% of Total U.S. Equities
Microsoft Corp	\$ 148,956,281	1.8%	Crown Cork & Seal Inc	\$ 47,416,500	1.1%
General Electric Co	122,392,579	1.5%	Raytheon Co	46,988,611	1.0%
Pfizer Inc	108,357,278	1.3%	Citicorp	46,050,375	1.0%
Citigroup Inc	102,714,144	1.2%	Chase Manhattan Corp	42,636,313	0.9%
AOL Time Warner Inc	91,359,598	1.1%	Philip Morris Cos Inc	40,955,200	0.9%
Home Depot Inc	77,923,304	0.9%	Lockheed Martin Corp	37,472,400	0.8%
Intel Corp	71,246,156	0.9%	Burlington Northern Santa Fe	36,587,851	0.8%
Wal-Mart Stores Inc	70,175,327	0.8%	AT&T Corp	33,517,200	0.8%
Federal Natl Mtg Assn	64,667,253	0.8%	Schering Plough Corp	32,510,775	0.7%
American Intl Group Inc	60,694,844	0.7%	Kimberly Clark Corp	31,772,925	0.7%
TOTAL	\$ 918,486,764	11.0%	TOTAL	\$ 395,908,150	8.7%

* Includes only actively managed separate accounts.

A complete list of portfolio holdings is available upon request.

Investment Section

Domestic Equity Review

As of June 30, 2001

Domestic Equity Structure

As of June 30, 2001, 38.6 percent of the PSRS/NTRS domestic equity portfolio was passively managed. Another 17.5 percent was managed in an enhanced index style, in which the managers' guidelines permitted limited flexibility with the expectation of capturing additional return relative to the benchmark. The remainder of the portfolio was actively managed and diversified across a broad range of investment styles. The basic domestic equity portfolio structure was implemented in July 1996.

The pie charts below depict the domestic equity portfolio by presenting the current style structure of the portfolio for comparison with that of five years ago on a market value basis.



The following pie chart shows the allocation to sectors within the domestic equity market for the PSRS/NTRS portfolio as of June 30, 2001.



Investment Section

Domestic Equity Review

As of June 30, 2001

Domestic Equity Investment Advisors

The following firms were under contract with PSRS/NTRS during fiscal year 2001 for management of domestic equity securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value* As of June 30, 2001	% of Total Market Value
Alliance Capital Management	Active Large Cap Growth	\$ 1,095,190,423	5.1%
Brinson Partners	Large Cap Value	865,073,015	4.0%
Dimensional Fund Advisors	Enhanced Small Cap Value	483,481,263	2.2%
DSI International Management	Enhanced Core	1,000,348,796	4.6%
<i>E-MAP: Analytic Investors - Core</i>	<i>Structured Core</i>	<i>61,029,207</i>	<i>0.3%</i>
<i>E-MAP: Analytic Investors - Value</i>	<i>Structured Value</i>	<i>131,694,978</i>	<i>0.6%</i>
<i>E-MAP: Dresdner RCM Capital Management</i>	<i>Active Large Cap Growth</i>	<i>124,743,030</i>	<i>0.5%</i>
<i>E-MAP: New South</i>	<i>Active Small Cap Value</i>	<i>59,863,207</i>	<i>0.3%</i>
<i>E-MAP: Next Century Growth Investors</i>	<i>Active Small Cap Growth</i>	<i>58,464,099</i>	<i>0.3%</i>
<i>E-MAP: Quadrant One - William Blair & Co.</i>	<i>Structured Core</i>	<i>25,303,260</i>	<i>0.1%</i>
<i>E-MAP: Westwood Management</i>	<i>Active Large Cap Value</i>	<i>178,486,638</i>	<i>0.8%</i>
<i>E-MAP: Zevenbergen Capital</i>	<i>Active Large Cap Growth</i>	<i>59,909,270</i>	<i>0.3%</i>
Equity Manager Alpha Pool (E-MAP) Subtotal		699,493,689	3.2%
State Street Global Advisors (Passive)	S&P 500	2,516,526,005	11.6%
State Street Global Advisors (Passive)	Russell 1000 Value	733,727,626	3.4%
TCW Asset Management Company	Active All Cap Growth	603,053,972	2.8%
Thomson, Horstmann & Bryant, Inc.	Small Cap Value	426,016,779	2.0%
Total		\$ 8,422,911,568	38.9%

* Includes manager cash.

Investment Section

Domestic Equity Review

Periods ended June 30, 2001

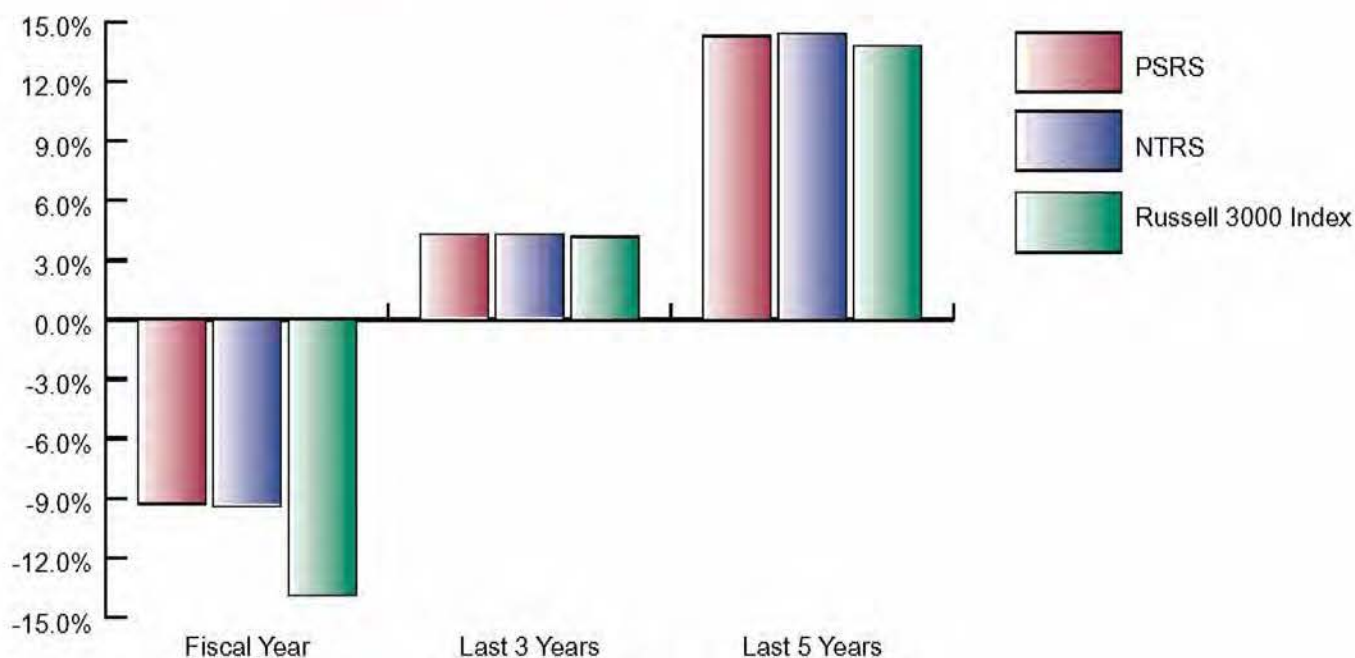
Domestic Equity Investment Returns

The total return on the PSRS and NTRS domestic equity portfolios was -9.3 percent and -9.4 percent, respectively, compared to the benchmark return of -13.9 percent for the fiscal year ended June 30, 2001. This outperformance, on a relative basis, can primarily be attributed to the value added by the Systems' active management strategies.

While a negative absolute return is never easy to accept, the Board and staff believe that diversification across all capitalization ranges and styles as well as a balance between active and passive managers remains a primary fiduciary responsibility.

Domestic Equity Investment Returns 6/30/01

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-9.3%	4.3%	14.3%
NTRS	-9.4%	4.3%	14.4%
Russell 3000 Index	-13.9%	4.2%	13.8%



Investment Section

Non-U.S. Equity Review

As of June 30, 2001

Market Value

As of June 30, 2001, the combined PSRS/NTRS non-U.S. equity assets managed by external investment advisors had a market value of just over \$3 billion, representing 14.1 percent of the total funds.

Non-U.S. Equity Statistics

The following table displays the top ten non-U.S. stock holdings as of June 30, 2001 as compared to the top ten holdings of five years ago.

Top Ten Largest Holdings* June 30, 2001	Combined Market Value	% of Total Non -U.S. Equities	Top Ten Largest Holdings* June 30, 1996	Combined Market Value	% of Total Non -U.S. Equities
GlaxoSmithkline	\$ 56,159,767	1.9%	Ciba-Geigy AG	\$ 32,025,657	1.7%
ING Groep NV	52,900,008	1.8%	News Corporation	26,616,495	1.4%
Diageo	48,928,911	1.6%	Hoechst AG	24,548,102	1.3%
Nestle SA	44,506,856	1.5%	Astra AB	23,002,765	1.2%
Canon Inc.	44,251,085	1.5%	Mannesmann AG	22,443,497	1.1%
Aventis SA	41,530,006	1.4%	Sandoz AG	22,206,298	1.1%
ENI	41,284,231	1.4%	Cadbury Schweppes	20,375,565	1.0%
Total Fina Elf	40,891,883	1.4%	Vodafone Group	20,309,660	1.0%
Vivendi Universal	38,263,166	1.3%	City Developments	19,920,040	1.0%
Ahold (KON) NV	38,200,702	1.3%	BAT Industries	18,268,421	0.9%
TOTAL	\$ 446,916,615	15.1%	TOTAL	\$ 229,716,500	11.7%

* Includes only actively managed separate accounts.
A complete list of portfolio holdings is available upon request.

Investment Section

Non-U.S. Equity Review

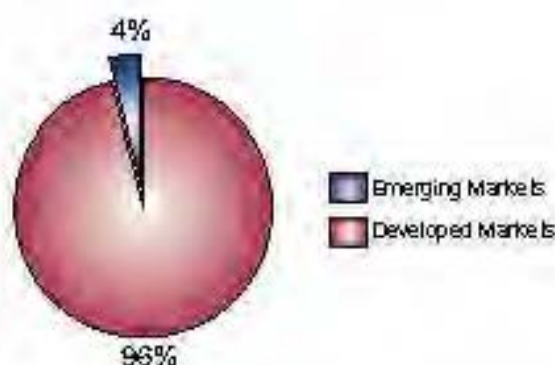
As of June 30, 2001

Non-U.S. Equity Structure

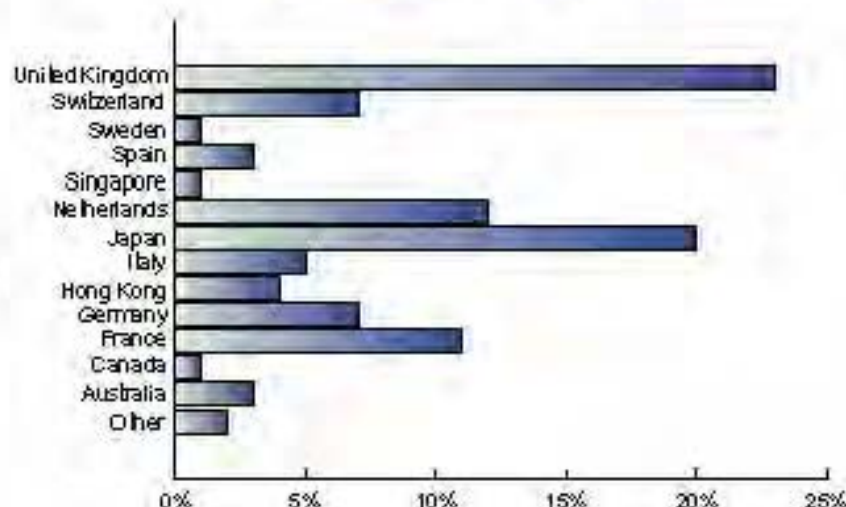
As of June 30, 2001, approximately 22 percent of the PSRS/NTRS non-U.S. equity portfolio was passively managed by State Street Global Advisors while the remaining 78 percent was managed actively by three separate external managers. The basic non-U.S. stock portfolio structure was implemented in July 1996. There was one strategic investment change in April 1999 when the Board decreased the passive exposure to non-U.S. equities from 33 percent to 25 percent and selected a third active manager.

The pie chart below presents a breakdown of investments in developed and emerging markets in the non-U.S. equity portfolio and the bar graph depicts the specific country exposure.

Market Allocation 6/30/01



Country Allocation 6/30/01



Non-U.S. Equity Investment Advisors

The following firms were under contract with PSRS/NTRS during fiscal year 2001 for management of non-U.S. equity securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value* As of June 30, 2001	% of Total Market Value
Bank of Ireland Asset Management	Active Core	\$ 792,926,161	3.7%
IN VESCO Global Asset Management	Active Value	810,781,294	3.7%
Oechsle International Advisors	Active Core	774,205,416	3.6%
State Street Global Advisors	Passive Core	674,722,230	3.1%
Total		\$ 3,052,635,101	14.1%

* Includes manager cash.

Investment Section

Non-U.S. Equity Review

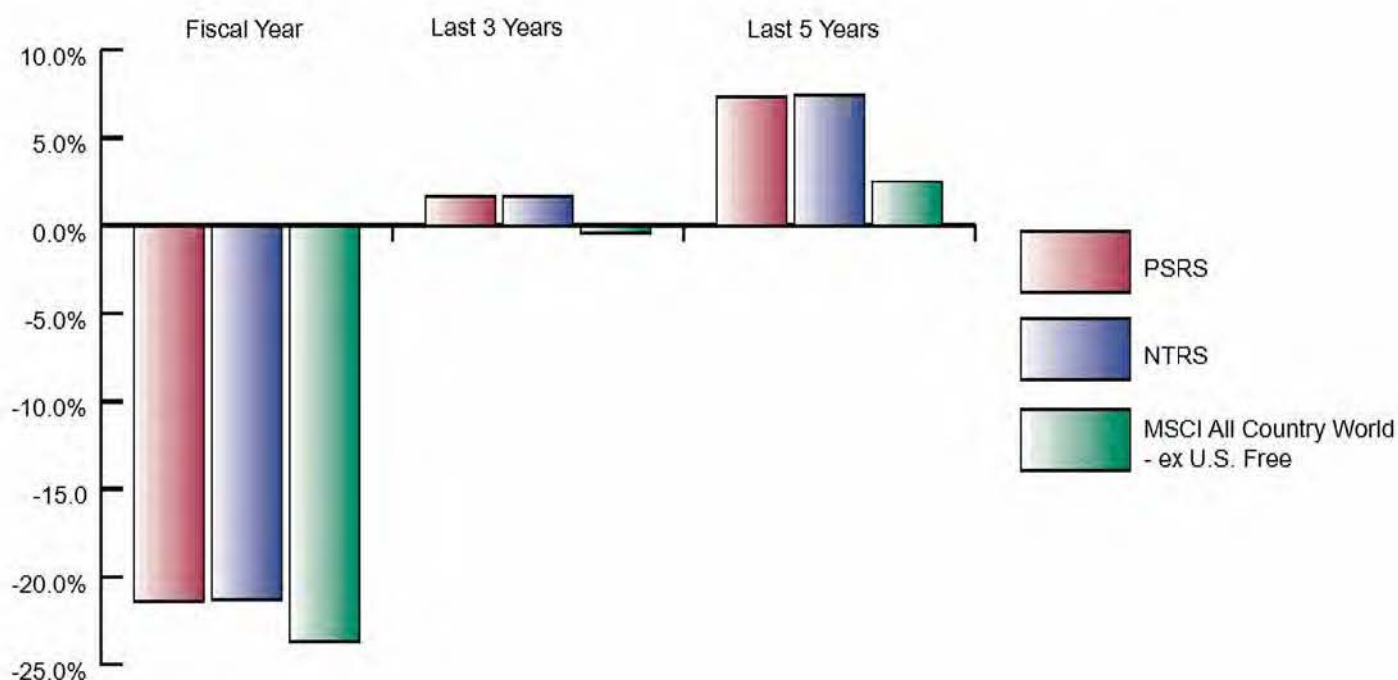
Periods ended June 30, 2001

Non-U.S. Equity Investment Returns

The total return on the PSRS and NTRS non-U.S. equity portfolios was -21.4 percent and -21.3 percent, respectively, compared to the benchmark return of -23.7 percent for the fiscal year ended June 30, 2001. Both Systems suffered from the depreciation in non-U.S. equity markets over the past fiscal year but have benefited greatly from active management in this area. The annual returns for both funds for the three time periods illustrated below show substantial outperformance relative to the policy benchmark (MSCI All Country World – ex U.S. Free Index).

Investment Returns 6/30/01

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-21.4%	1.7%	7.3%
NTRS	-21.3%	1.7%	7.4%
MSCI All Country World - ex U.S. Free	-23.7%	-0.4%	2.5%



Investment Section

PSRS Broker Commissions Report

For The Fiscal Year Ended June 30, 2001

Brokerage Firm	Shares Traded	Dollars Traded	Commissions Paid	Cost Per Share
INSTINET	18,934,278	\$ 713,960,362.32	\$ 450,557.49	\$ 0.02
MERRILL LYNCH PIERCE FENNER + SMITH	13,194,875	320,168,240.03	437,997.56	0.03
SALOMON SMITH BARNEY INC.	12,991,492	349,032,073.08	370,716.29	0.03
MORGAN STANLEY AND CO., INC.	11,241,897	363,198,638.18	302,576.18	0.03
GOLDMAN SACHS + CO.	11,107,531	287,650,646.98	294,277.94	0.03
LEHMAN BROS INC.	8,609,728	245,486,351.51	253,046.68	0.03
UBS WARBURG LLC	8,739,450	144,480,312.42	237,814.17	0.03
CS FIRST BOSTON CORPORATION	9,602,186	206,940,643.01	183,414.19	0.02
ABNAMRO SECURITIES LLC	3,764,222	100,255,169.51	159,259.79	0.04
DRESDNER KLEINWORT BENSON	4,921,311	89,044,370.46	148,583.85	0.03
BNP SECURITIES (U.S.A.), INC.	4,823,758	194,056,695.77	144,712.74	0.03
J.P. MORGAN SECURITIES INC.	3,432,152	136,581,436.52	143,903.61	0.04
DEUTSCHE BANK SECURITIES	6,400,348	119,608,622.37	125,597.99	0.02
INVESTMENT TECHNOLOGY GROUP INC.	4,762,350	157,857,252.61	118,497.71	0.02
BERNSTEIN SANFORD C + CO. INC.	2,124,258	80,497,508.67	106,317.90	0.05
FACTSET DATASYSTIMES INC.	1,727,800	54,613,088.89	86,675.00	0.05
BEAR STEARNS SECURITIES CORP.	2,277,252	88,504,903.61	81,054.00	0.04
DB CLEARING SERVICES	2,613,006	109,049,668.91	76,475.29	0.03
WARBURG DILLON REED	1,866,375	36,568,671.38	74,844.42	0.04
CANTOR FITZGERALD + CO.	2,532,811	85,531,947.52	64,228.54	0.03
WEEDEN + CO.	1,590,760	64,636,100.49	62,116.00	0.04
DONALDSON, LUFKIN + JENRETTE SECS.	1,277,254	40,586,314.40	55,223.99	0.04
CAPITAL INSTITUTIONAL SERVICES	1,095,705	37,883,388.28	54,785.25	0.05
JEFFERIES + CO.	1,798,740	46,981,377.84	49,061.00	0.03
JONES + ASSOCIATES	1,610,554	24,758,090.89	45,122.62	0.03
HSBC	2,941,134	29,243,614.43	43,095.16	0.01
PRUDENTIAL SECURITIES INCORPORATED	1,320,500	51,475,164.80	42,783.00	0.03
FIDELITY CAPITAL MARKETS	822,642	31,716,277.49	41,132.10	0.05
BLAIR, WILLIAM, AND COMPANY	1,218,000	22,867,177.46	39,201.00	0.03
DAIWA SECURITIES AMERICA INC.	752,720	25,903,082.46	38,838.00	0.05
MORGAN GRENFELL AND CO. LIMITED	2,477,310	29,427,675.01	37,518.38	0.02
CIBC WORLD MARKETS CORP.	910,588	34,683,877.17	36,844.90	0.04
COLLINS STEWART + CO.	1,495,880	19,723,248.42	36,740.49	0.02
HOWARD WEIL DIVISION LEGG MASON	706,950	19,575,078.84	36,460.50	0.05
SG COWEN SECURITIES CORP.	1,026,092	42,889,895.29	35,744.11	0.03
BANCAMERICA SECURITY LLC MONTGOMERY	1,477,996	57,910,318.51	33,722.80	0.02
BRIDGE TRADING	643,396	27,689,509.88	31,999.80	0.05
ROBERT W BAIRD & CO., INCORPORATED	941,200	22,299,623.76	29,540.00	0.03
NOMURA SECURITIES INTL. INC.	808,344	12,464,302.35	29,168.42	0.04
CREDIT LYONNAIS SECURITIES	2,352,901	12,310,120.17	25,888.17	0.01
Other (<\$25,000)	29,796,693	653,907,697.87	752,909.90	0.03
Total	192,732,439	\$ 5,192,018,539.56	\$ 5,418,446.93	\$ 0.03

Investment Section

NTRS Broker Commissions Report

For The Fiscal Year Ended June 30, 2001

Brokerage Firm	Shares Traded	Dollars Traded	Commissions Paid	Cost Per Share
MERRILL LYNCH PIERCE FENNER + SMITH	2,645,882	\$ 46,886,969.20	\$ 63,711.87	\$ 0.02
INSTINET	1,481,908	55,587,886.22	35,052.78	0.02
SALOMON SMITH BARNEY INC.	1,000,268	26,916,092.22	28,549.21	0.03
MORGAN STANLEY AND CO., INC.	914,278	28,909,703.15	23,815.73	0.03
GOLDMAN SACHS + CO.	802,579	19,154,433.89	23,006.71	0.03
LEHMAN BROTHERS	637,689	17,815,166.28	19,641.94	0.03
CS FIRST BOSTON CORPORATION	689,301	14,588,390.09	14,338.33	0.02
UBS WARBURG LLC	428,205	9,035,230.63	13,085.09	0.03
ABNAMRO SECURITIES LLC	338,745	8,163,821.12	12,730.87	0.04
DRESDNER SECURITIES (USA) INC.	374,517	6,831,196.72	11,435.05	0.03
J.P. MORGAN SECURITIES INC.	265,130	10,645,932.04	11,276.95	0.04
BNP SECURITIES (U.S.A.), INC.	349,868	14,043,259.83	10,496.04	0.03
DEUTSCHE BANK SECURITIES	360,934	6,951,716.40	9,355.20	0.03
WARBURG DILLON REED	208,024	3,090,934.54	8,920.69	0.04
INVESTMENT TECHNOLOGY GROUP INC.	354,823	3,746,519.48	8,719.65	0.02
BERNSTEIN SANFORD C + CO. INC.	162,420	6,292,652.87	8,129.00	0.05
FACTSET DATA SYSTIMES INC.	132,200	4,123,519.22	6,663.00	0.05
BEAR STEARNS + CO. INC.	168,321	6,434,574.14	6,153.75	0.04
DB CLEARING SERVICES	187,806	7,819,437.86	5,506.89	0.03
CANTOR FITZGERALD + CO.	188,515	6,197,602.90	4,835.95	0.03
WEEDEN + CO.	113,570	4,647,365.49	4,602.00	0.04
CAPITAL INSTITUTIONAL SERVICES	81,880	2,856,084.87	4,094.00	0.05
DONALDSON, LUFKIN + JENRETTE SECS.	94,691	2,982,690.26	4,092.03	0.04
JONES + ASSOCIATES	141,622	2,246,673.76	4,071.66	0.03
HSBC	269,598	2,767,858.60	3,990.56	0.01
JEFFERIES + CO.	146,540	3,746,519.48	3,819.00	0.03
ROBERT FLEMING	140,873	2,480,873.87	3,534.16	0.03
MORGAN GRENFELL AND CO. LIMITED	214,402	2,408,632.99	3,158.92	0.01
BLAIR, WILLIAM, AND COMPANY	97,300	1,811,132.08	3,070.00	0.03
DAIWA SECURITIES	56,558	2,007,501.51	3,010.00	0.05
FIDELITY CAPITAL MARKETS	59,280	2,289,864.70	2,964.00	0.05
PRUDENTIAL SECURITIES INCORPORATED	87,100	3,608,484.13	2,904.00	0.03
COLLINS STEWART	117,940	1,556,243.13	2,900.06	0.02
SG COWEN SECURITIES CORP.	79,447	3,291,179.74	2,819.34	0.04
HOWARD WEIL DIVISION LEGG MASON	54,250	1,376,404.03	2,798.50	0.05
UBS AG LONDON	183,648	1,812,648.19	2,643.67	0.01
CIBC WORLD MARKETS CORP.	51,584	2,162,727.52	2,642.20	0.05
PAINE WEBBER INCORPORATED	51,785	2,208,776.42	2,430.25	0.05
BANC AMERICA SECURITY LLC MONTGOMERY	107,587	4,129,617.45	2,406.85	0.02
BRIDGE TRADING	46,745	1,940,738.91	2,325.25	0.05
NOMURA SECURITIES INTL. INC.	63,027	981,897.98	2,293.03	0.04
CREDIT LYONNAIS SECURITIES	59,106	993,828.47	2,099.67	0.04
FIRST UNION CAPITAL MARKETS	53,700	2,312,370.37	2,081.00	0.04
Other (<\$2,000)	1,807,083	41,360,992.63	50,808.60	0.03
Total	15,870,729	\$ 401,216,145.38	\$ 446,983.45	\$ 0.03

Investment Section

Investment Summary

As of June 30, 2001

Total Market Value	PSRS/NTRS	Percent of Total Market Value		
	Combined Funds - FY2001	FY2001	FY2000	FY1999
U.S Fixed Income	\$ 9,935,027,653	45.9%	45.4%	43.7%
U.S. Equity	8,351,502,819	38.5%	37.7%	39.2%
Non-U.S. Equity	2,968,872,408	13.7%	16.0%	15.2%
Cash and Short-Term Investments	403,797,754	1.9%	0.9%	1.9%
Total	\$ 21,659,200,634	100.0%	100.0%	100.0%

Reconciliation with Statement of Plan Net Assets

Accrued payable for investments purchased	\$ 874,824,567
Accrued income payable	270,988
Accrued receivable for investments sold	(431,278,225)
Accrued income receivable	(82,167,157)
Short-term investments designated for benefits	(38,938,876)
Statement of Plan Net Assets	\$ 21,981,911,931

Investment Expenses

For the Year Ended June 30, 2001

	PSRS	NTRS	Total
Investment Managers			
Alliance Capital Management	\$ 1,892,550	\$ 142,450	\$ 2,035,000
Bank of Ireland Asset Management	2,218,251	166,965	2,385,216
BlackRock Financial Management	1,215,156	91,464	1,306,620
Brinson Partners	1,277,820	96,180	1,374,000
Dimensional Fund Advisors	795,615	59,885	855,500
DSI International Management	817,820	61,556	879,376
E-MAP	2,464,505	188,400	2,652,905
INVESCO Global Asset Management	1,735,938	130,662	1,866,600
NISA Investment Advisors	675,088	50,812	725,900
Oechsle International Advisors	2,169,924	163,328	2,333,252
Payden & Rygel	867,969	65,331	933,300
State Street Global Advisors	785,837	59,723	845,560
TCW Asset Management Company	1,822,736	137,196	1,959,932
Thomson, Horstmann & Bryant, Inc.	957,900	72,100	1,030,000
Wellington Management Company	675,087	50,813	725,900
Investment Management Expense	\$ 20,372,196	\$ 1,536,865	\$ 21,909,061
Investment Consultant			
Strategic Investment Solutions	306,018	23,024	329,042
Custodial Services			
State Street Bank & Trust	1,186,476	89,305	1,275,781
Staff Investment Expenses	276,444	166,158	442,602
Total Investment Expenses	\$ 22,141,134	\$ 1,815,352	\$ 23,956,486

Actuarial Section

Certification of Actuarial Results

Calculation of Unfunded Actuarial Accrued Liability

Required Contribution Rate and Amortization of
Unfunded Liability

Analysis of Actuarial Gains and Losses

Summary of Actuarial Assumptions

Schedule of Active Member Valuation Data

Solvency Test

Schedule of Retirees/Beneficiaries Added
To/Removed from Retirement Rolls

Summary Plan Descriptions





GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

3017 Douglas Boulevard • Suite 300 • Roseville, CA 95661 • 916-774-7580

November 19, 2001

Board of Trustees
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri
701 W. Main
PO Box 268
Jefferson City, MO 65102

Re: Certification of Actuarial Results

Dear Members of the Board:

At your request, we have performed actuarial valuations of the Public School Retirement System and the Non-Teacher School Employee Retirement System of Missouri as of June 30, 2001. An actuarial valuation of each system is performed annually.

The actuarial valuation is based upon:

- a. *Data relative to the Members of the Systems* - Data for all members of each system was provided by the staff. Such data is tested for reasonableness by the actuary but is used unaudited.
- b. *Assets of the Fund* - The values of the trust fund assets for each system are provided by the staff. The market value of assets is used to develop actuarial results.
- c. *Actuarial Method* - The actuarial method utilized for each system is the Entry Age Normal Cost Method. The objective of this method is to finance the benefits of the systems as a level percentage of pay over the entire career of each member. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.
- d. *Actuarial Assumptions* - The actuarial assumptions used in the valuation of each system are summarized in the next few pages. The Board adopted this set of assumptions effective for the actuarial valuation as of June 30, 2001.

The actuarial assumptions and methods used are in accordance with paragraph 36 of GASB Statement Number 25.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by the staff with our guidance.

BOARD OF TRUSTEES

-2-

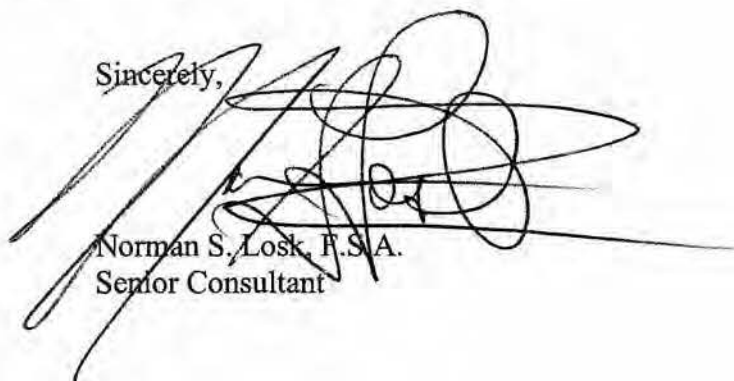
NOVEMBER 19, 2001

The Board's statement of funding policy provides that:

1. The Board of Trustees shall adopt actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience under the system, derived from experience studies conducted every fifth year.
2. The actuarial funding method used shall be the Entry Age Normal Method with normal costs calculated as a percentage of payroll.
3. It shall be the general objective to maintain an amortization period of 30 years or less in the funding of the Unfunded Actuarial Accrued Liability. Whenever a change is made in a system's benefit and contribution rate structures, the amortization period for the system after this change should not exceed 30 years initially.
4. If an escalation in future payroll is assumed in determining the amortization payments toward the Unfunded Actuarial Accrued Liability, then the annual rate of such escalation shall not exceed the expected rate of expansion in total system payroll based upon the actuarial assumptions.
5. Assets used in the actuarial valuation shall be valued using adjusted market values averaged over a period of five years.
6. Annual actuarial valuations shall be made of the systems' assets and liabilities. The contribution rate shall be established based on the results of these valuations.

The results of the valuations are based on the data and actuarial techniques described above and on the provisions of each system at the valuation date. Based on these items, we certify these results to be true and correct.

Sincerely,



Norman S. Losk, F.S.A.
Senior Consultant

NSL:cml

Actuarial Section

PSRS Calculation of Unfunded Actuarial Accrued Liability

As of June 30, 2001

	Amount
(1) Present Value of Future Benefits for:	
Active Members	\$ 17,376,515,553
Service Retirees	9,031,172,024
Disability Retirees	100,560,758
Tax-sheltered Annuitants	1,369,729
Survivors	324,605,784
Death Benefits	47,213,148
Inactive Members	249,997,164
Total	<u>27,131,434,160</u>
(2) Present Value of Future Normal Costs	<u>5,849,230,775</u>
(3) Actuarial Accrued Liability ((1)-(2))	21,282,203,385
(4) Actuarial Value of Assets	<u>21,146,294,308</u>
(5) Unfunded Actuarial Accrued Liability ((3)-(4))	<u>\$ 135,909,077</u>

PSRS Required Contribution Rate & Amortization of Unfunded Liability

As of June 30, 2001

	Percentage of Payroll
(1) Total Contribution Rate, Member + Employer	21.00%
(2) Normal Cost Rate	20.46%
(3) Approximate Rate Available for Unfunded Actuarial Accrued Liability ((1) - (2))	.54%
(4) Number of Years Required to Amortize Unfunded Actuarial Accrued Liability	7.2

Actuarial Section

PSRS Analysis of Actuarial Gains and Losses

As of June 30, 2001

(Dollar Amounts in Thousands)

(1) Unfunded Actuarial Liability as of July 1, 2000 (new assumptions)*		(\$331,055)
(2) Normal Cost for 2001 Plan Year		561,272
(3) Contribution received during year		(659,801)
(4) Interest to Year end @ 8.00% on (1) (2) & (3)		<u>(30,350)</u>
(5) Expected Unfunded Actuarial Liability as of June 30, 2001		(459,934)
(6) Actuarial (Gain)/Loss During the Year		
a. From Investment	\$ (288,306)	
b. From Actuarial Liabilities	<u>253,842</u>	
c. Total		<u>(34,464)</u>
(7) Actual Unfunded Actuarial Liability as of June 30, 2001, before Benefit Changes		(494,398)
(8) Effect of Legislation in 2001		<u>630,307</u>
(9) Actual UAAL as of June 30, 2001 After Benefit Changes		<u><u>135,909</u></u>

* The Unfunded Actuarial Liability as of July 1, 2000 has been restated using the assumptions adopted by the Board of Trustees effective 6/30/01.

Actuarial Section

NTRS Calculation of Unfunded Actuarial Accrued Liability As of June 30, 2001

	Amount
(1) Present Value of Future Benefits for:	
Active Members	\$ 1,714,706,702
Service Retirees	534,198,560
Disability Retirees	12,301,959
Survivors	18,625,195
Inactive Members	40,476,874
Total	<u>2,320,309,290</u>
(2) Present Value of Future Normal Costs	<u>684,233,326</u>
(3) Actuarial Accrued Liability ((1)-(2))	1,636,075,964
(4) Actuarial Value of Assets	<u>1,686,242,427</u>
(5) Unfunded Actuarial Accrued Liability ((3)-(4))	<u>\$ (50,166,463)</u>

NTRS Required Contribution Rate & Amortization of Unfunded Liability As of June 30, 2001

	Percentage of Payroll
(1) Total Contribution Rate, Member + Employer	10.00%
(2) Normal Cost Rate	10.44%
(3) Approximate Rate Available for Unfunded Actuarial Accrued Liability ((1) - (2))	-0.44%
(4) Number of Years Required to Amortize Unfunded Actuarial Accrued Liability	N/A

NTRS Analysis of Actuarial Gains and Losses (Dollar Amounts in Thousands)

	Amount
(1) Unfunded Actuarial Liability as of July 1, 2000 (new assumptions)*	\$ (165,607,544)
(2) Normal Cost for 2001 Plan Year	67,347,230
(3) Contribution received during year	(75,434,183)
(4) Interest to Year End @ 8.00% on 1., 2., and 3.	<u>(13,565,859)</u>
(5) Expected Unfunded Actuarial Liability as of June 30, 2001	(187,260,356)
(6) Actuarial (Gain)/Loss During the Year	
a. From Investments	\$ (26,234,265)
b. From Liabilities	<u>36,955,854</u>
c. Total	<u>\$ 10,721,589</u>
(7) Actual Unfunded Actuarial Liability as of June 30, 2001, Before Legislation	(176,538,767)
(8) Effect of 2001 Legislation	<u>126,372,304</u>
(9) Actual Unfunded Actuarial Liability as of June 30, 2001, After Legislation	<u>\$ (50,166,463)</u>

* The Unfunded Actuarial Liability as of July 1, 2000 has been restated using the assumptions adopted by the Board of Trustees effective 6/30/01.

Actuarial Section

PSRS Summary of Actuarial Assumptions and Methods

Mortality -

Sample rates per 1,000 members by ages: (effective 6/30/01)

Active and Service Retired Members, Beneficiaries and Survivors

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.430	0.280
40	0.891	0.652
60	5.581	3.863
80	45.171	35.362
100	268.815	256.712

Interest -

8% per annum compound, net of expenses. (1980)

Termination -

Illustrate per 1000 members (male and female): (2001)

<u>Age</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>After Three Years</u>
20	140	110	100	35
30	120	100	80	31
40	100	90	60	21
50	90	70	40	8

Salary Increases -

Sample annual rates varying by service: (effective 6/30/01)

<u>Service</u>	<u>Increase</u>	<u>Service</u>	<u>Increase</u>
20	10.0%	9	6.0%
33	7.5	10 & over	5.0
46	7.0		

Retirement Rates -

Sample rates per 1000 eligible members: (effective 6/30/01)

<u>(1)</u> <u>Age 60</u>		<u>(2)</u> <u>Below 60 or Meet Rule of 80</u>		<u>(3)</u> <u>Below 60, Less Than 30 Years</u>	
<u>Age</u>	<u>5 Years</u>	<u>Service</u>	<u>With 30 Years</u>	<u>Before (1) or (2), After 55/25</u>	
60	250	30	500	First Year Eligible	400
62	250	31 & over	250	Thereafter	200
65	400				
67	300				
70+	1000				

Actuarial Section

Asset Valuation -	Based on five year average of adjusted market value returns. (1994)
Payroll Increase -	Total covered payroll is assumed to increase 5.0% per year. (effective 6/30/97) Membership is not assumed to increase.
Inflation -	3.5% per annum compound. (effective 6/30/97)
Actuarial Method -	Entry Age Normal Funding Method is used. Gains and losses are reflected immediately in the unfunded actuarial accrued liability of the System, and amortized in the future as a level percentage of payroll. (1947)
Other -	In addition to the above, other assumptions are made with respect to the incidence of disability, the rates of retirement under a special temporary program, mortality of disabled lives, the probability that a member has a spouse, minor children and the ages of the children. (effective 6/30/97)
COLA -	3.5% per year. (effective 6/30/97)

Note: Dates reflect the effective date as adopted by the Board of Trustees.

Actuarial Section

NTRS Summary of Actuarial Assumptions and Methods

Mortality -

Sample rates per 1,000 members by age: (effective 6/30/01)

Active and Service Retired Members, Beneficiaries, and Survivors

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.530	0.284
40	1.156	0.709
60	8.986	4.439
80	68.615	39.396
100	333.461	276.427

Interest -

8% per annum compound, net of expenses. (1980)

Termination -

Illustrate per 1000 members (male and female): (1994)

<u>Age</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>After Three Years</u>	
				<u>Males</u>	<u>Females</u>
20	350	170	100	66	50
30	225	170	100	66	50
40	130	125	90	61	45
50	90	85	55	39	29

Salary Increases -

Sample annual rates varying by years of service: (effective 6/30/01)

<u>Service</u>	<u>Increase</u>	<u>Service</u>	<u>Increase</u>
0	10.0%	3	6.0 %
1	7.5	4	5.75
2	6.75	5 & over	5.0

Retirement Rates - Sample rates per 1000 members: (effective 6/30/01)

<u>(1) Age 60</u>		<u>(2) Below 60</u>		<u>(3) Below 60, Less Than 30 Years</u>	
<u>Age</u>	<u>5 Years</u>	<u>Service 30 & over</u>	<u>With 30 Years</u>	<u>Before (1) or (2), After 55/25</u>	
60	100		100	All Years Eligible	135
62	300				
65	350				
66-74	250				
75+	1000				

Actuarial Section

Asset Valuation -	Based on five year average of adjusted market values. (1994)
Payroll Increase -	Total covered payroll is assumed to increase 5.0% per year. (effective 6/30/97)
Inflation -	3.5% per annum compound. (effective 6/30/97)
Actuarial Method -	Entry Age Normal Funding Method is used. Gains and losses are reflected immediately in the unfunded actuarial accrued liability of the System, and amortized in the future as a level percentage of payroll. (1966)
Other -	In addition to the above, other assumptions are made with respect to the incidence of disability, the rates of retirement under a special temporary program, mortality of disabled lives, the probability that a member has a spouse and average work year. (effective 6/30/97)

Note: Dates reflect the effective date as adopted by the Board of Trustees.

Actuarial Section

PSRS Schedule of Active Member Valuation Data

Actuarial Valuation Date	Covered Number of Members	Annual Payroll (000)	Average Annual Salary	% Increase in Average Salary	Average Attained Age	Average Years of Service
6/30/1992	57,711	\$ 1,809,458	\$ 31,354	1.9%	42.2	12.2
6/30/1993	58,493	\$ 1,867,948	\$ 31,935	1.9%	42.3	12.3
6/30/1994	60,595	\$ 1,996,908	\$ 32,955	3.2%	42.5	12.3
6/30/1995	62,854	\$ 2,137,134	\$ 34,002	3.2%	42.5	12.3
6/30/1996	64,624	\$ 2,283,994	\$ 35,343	3.9%	42.6	12.3
6/30/1997	66,456	\$ 2,427,429	\$ 36,527	3.3%	42.5	12.1
6/30/1998	68,709	\$ 2,577,594	\$ 37,514	2.7%	42.5	11.9
6/30/1999	70,092	\$ 2,690,353	\$ 38,383	2.3%	42.5	11.7
6/30/2000	71,706	\$ 2,836,062	\$ 39,581	3.1%	42.5	11.6
6/30/2001	72,688	\$ 2,982,051	\$ 41,025	3.7%	42.4	11.3

NTRS Schedule of Active Member Valuation Data

Actuarial Valuation Date	Covered Number of Members	Annual Payroll (000)	Average Annual Salary	% Increase in Average Salary	Average Attained Age	Average Years of Service
6/30/1992	28,410	\$ 398,147	\$ 14,014	2.8%	45.7	7.6
6/30/1993	29,055	\$ 415,672	\$ 14,306	2.1%	45.7	7.7
6/30/1994	30,662	\$ 452,339	\$ 14,752	3.1%	45.5	7.6
6/30/1995	32,598	\$ 495,449	\$ 15,119	3.0%	45.3	7.3
6/30/1996	34,153	\$ 538,022	\$ 15,753	3.6%	45.2	7.2
6/30/1997	35,982	\$ 556,534	\$ 15,467	-1.8%	45.1	7.1
6/30/1998	38,672	\$ 616,303	\$ 15,937	3.0%	44.8	6.7
6/30/1999	41,599	\$ 685,272	\$ 16,473	3.4%	44.6	6.5
6/30/2000	43,533	\$ 735,400	\$ 16,893	2.5%	44.5	6.4
6/30/2001	45,517	\$ 814,158	\$ 17,887	5.9%	44.6	6.3

Actuarial Section

PSRS Solvency Test

(Dollar amounts in thousands)

Actuarial Accrued Liability for:

Actuarial Valuation Date	Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members, Employer Financed Portion	Net Assets Available for Benefits	Percentage of Actuarial Liabilities Covered by Net Assets for:		
	(1)	(2)	(3)		(1)	(2)	(3)
6/30/1992	\$ 2,191,277	\$ 2,635,808	\$ 3,544,964	\$ 6,878,981	100.00%	100.00%	57.9%
6/30/1993	2,384,406	2,980,210	3,591,872	7,787,379	100.00%	100.00%	67.5%
6/30/1994	2,616,067	3,206,061	4,147,631	9,177,070	100.00%	100.00%	80.9%
6/30/1995	2,856,389	3,705,807	4,419,626	10,193,084	100.00%	100.00%	82.2%
6/30/1996	3,098,448	4,265,851	4,867,447	11,510,625	100.00%	100.00%	85.2%
6/30/1997	3,312,090	4,553,628	4,583,460	13,099,219	100.00%	100.00%	100.0%
6/30/1998	3,541,459	5,523,768	5,405,822	14,979,358	100.00%	100.00%	109.4%
6/30/1999	3,765,854	6,602,915	6,004,376	17,209,870	100.00%	100.00%	113.9%
6/30/2000	3,976,059	7,801,845	6,501,209	19,437,223	100.00%	100.00%	117.8%
6/30/2001	\$ 4,129,191	\$ 9,504,921	\$ 7,648,091	\$ 21,146,294	100.00%	100.00%	98.3%

NTRS Solvency Test

(Dollar amounts in thousands)

Actuarial Accrued Liability for:

Actuarial Valuation Date	Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members, Employer Financed Portion	Net Assets Available for Benefits	Percentage of Actuarial Liabilities Covered by Net Assets for:		
	(1)	(2)	(3)		(1)	(2)	(3)
6/30/1992	\$ 127,335	\$ 163,586	\$ 248,947	\$ 513,693	100.00%	100.00%	89.5%
6/30/1993	140,790	196,936	277,693	583,058	100.00%	100.00%	88.3%
6/30/1994	155,238	224,650	306,192	698,988	100.00%	100.00%	104.2%
6/30/1995	169,846	252,034	364,519	778,325	100.00%	100.00%	97.8%
6/30/1996	185,763	293,937	399,861	876,886	100.00%	100.00%	99.3%
6/30/1997	204,757	312,390	447,065	1,001,035	100.00%	100.00%	100.0%
6/30/1998	226,454	350,860	460,033	1,150,311	100.00%	100.00%	124.6%
6/30/1999	231,252	396,846	540,413	1,335,308	100.00%	100.00%	130.9%
6/30/2000	274,167	467,653	653,480	1,522,660	100.00%	100.00%	119.5%
6/30/2001	\$ 301,936	\$ 565,126	\$ 769,014	\$ 1,686,242	100.00%	100.00%	106.5%

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PSRS Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Rolls

		Added to Rolls	Removed from Rolls	Rolls End of Year
2001	Service Retirees	2,629	749	26,639
	Disability Retirees	44	28	596
	Beneficiaries	184	84	1,999
2000	Service Retirees	2,152	779	24,759
	Disability Retirees	45	34	580
	Beneficiaries	196	90	1,899
1999	Service Retirees	1,947	730	23,386
	Disability Retirees	41	33	569
	Beneficiaries	176	74	1,793
1998	Service Retirees	1,757	728	22,169
	Disability Retirees	27	32	561
	Beneficiaries	187	82	1691
1997	Service Retirees	1,797	732	21,140
	Disability Retirees	30	31	566
	Beneficiaries	170	74	1,586
1996	Service Retirees	1,344	693	20,075
	Disability Retirees	44	35	567
	Beneficiaries	150	72	1,490
1995	Service Retirees	1,141	680	19,424
	Disability Retirees	34	32	558
	Beneficiaries	152	66	1,412
1994	Service Retirees	1,021	676	18,963
	Disability Retirees	35	39	556
	Beneficiaries	130	63	1,326
1993	Service Retirees	1,269	554	18,618
	Disability Retirees	45	30	560
	Beneficiaries	110	63	1,259
1992	Service Retirees	1,119	599	17,903
	Disability Retirees	33	43	545

Actuarial Section

NTRS Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Rolls

		Added to Rolls	Removed from Rolls	Rolls End of Year
2001	Service Retirees	978	459	12,632
	Disability Retirees	53	22	378
	Beneficiaries	76	14	663
2000	Service Retirees	960	447	12,113
	Disability Retirees	45	14	347
	Beneficiaries	77	21	601
1999	Service Retirees	796	414	11,600
	Disability Retirees	35	7	316
	Beneficiaries	67	19	545
1998	Service Retirees	841	414	11,218
	Disability Retirees	29	17	288
	Beneficiaries	59	22	497
1997	Service Retirees	823	388	10,811
	Disability Retirees	22	13	276
	Beneficiaries	63	18	460
1996	Service Retirees	799	390	10,376
	Disability Retirees	26	8	267
	Beneficiaries	47	18	415
1995	Service Retirees	782	372	9,967
	Disability Retirees	33	19	249
	Beneficiaries	54	12	386
1994	Service Retirees	658	358	9,557
	Disability Retirees	29	9	235
	Beneficiaries	60	9	344
1993	Service Retirees	689	336	9,257
	Disability Retirees	29	10	215
	Beneficiaries	40	7	293
1992	Service Retirees	715	316	8,904
	Disability Retirees	28	7	196
	Beneficiaries	46	5	260

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PSRS Summary Plan Description

The Public School Retirement System of Missouri (PSRS) became operative July 1, 1946. It was established by an Act of the Missouri Legislature and is governed by Chapter 169 of the *Revised Statutes of Missouri*. Its purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability prior to retirement.

PSRS is a defined benefit plan funded on an actuarial reserve basis, which guarantees availability of funds to pay benefits as prescribed by law. The system is established as an independent trust fund and is not subject to direction by any state agency. Administrative expenses are paid entirely out of investment earnings.

Administration

The administration of PSRS is vested in a seven-member Board of Trustees, composed of three elected PSRS members, one elected Non-Teacher School Employee Retirement System (NTRS) member, and three appointed trustees. The four elected trustees are selected by vote of the members and retirees of both systems. Two are elected each even-numbered calendar year to serve four-year terms. The three appointed trustees, one of whom must be a PSRS or an NTRS retiree, are named by the governor. The appointed trustees must be residents of school districts included in the retirement system but not employees of such districts nor state employees nor a state elected official. The Board appoints an Executive Director who is responsible for employment of the retirement office staff, routine operation of the system, and advisement of the Board on all matters pertaining to the system.

Member Participation

PSRS membership is automatic, regardless of position, for certificated, full-time employees of public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts in Missouri, and of PSRS. Certificated, part-time employees whose services would qualify them for membership in the Non-Teacher School Employee Retirement System are contributing members of PSRS unless NTRS membership is elected.

Members working in covered employment are considered *active* members. Such members contribute 10.5 percent of gross salary to PSRS. The contributions are deducted and remitted by the employer and are credited by PSRS to individual member accounts. Since July 1, 1989, member contributions have been tax-deferred for federal and state income tax purposes under IRS 414(h)(2). Contributions are not considered income for such purposes until they are paid as a lump sum refund or monthly benefits.

Members not working in covered employment are considered *inactive* members.

Interest at a rate set each year by the Board of Trustees is credited to individual member accounts each June 30 on the previous June 30 balance. The rate credited on June 30, 2001 was 6%.

In addition to credit earned for covered service, members may purchase credit in various categories including several types of leave, outside school service, other public and private employment, active U.S. military duty, and service under the federal Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA).

Employer Participation

The employers served by PSRS withhold members' contributions from salary payments and match those contributions at a current rate of 10.5 percent of payroll. Employer contributions and investment earnings on those funds are placed by PSRS in a general reserve account to pay monthly benefits to retirees and to beneficiaries of deceased members. Employers are responsible for remitting contributions promptly and for furnishing contribution information and new membership records to PSRS. Employers also provide record data when members apply for benefits or for refunds upon termination of employment.

Survivor Benefits

The designated beneficiary of a member who dies before retirement is eligible for a lump sum refund of the member's contributions and interest. If the beneficiary is an eligible dependent and the member dies while in covered employment with at least two years of credit for such service, or while eligible for disability retirement benefits, monthly survivor benefits based on a percentage of the member's salary for the last full year of covered service can be elected instead of the contribution refund.

In lieu of a lump sum refund or monthly survivor benefits, survivors with an insurable interest and beneficiaries of disability

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retirees may elect to receive monthly benefits under the Option 2 retirement plan. Such benefits are payable when the member would have been eligible for early or normal retirement.

Refund of Contributions

Member contributions and interest are fully refundable upon termination of service or death. All credit and benefit rights are forfeited upon voluntary withdrawal or automatic termination of membership.

A member may, upon returning to covered employment, reinstate the credit forfeited through termination of a previous membership by repaying the money refunded plus interest.

Membership Termination

Membership is terminated by death, retirement, withdrawal of contributions, or absence from covered employment by a non-vested member for five consecutive school years.

Disability Retirement Benefits

Disability retirement benefits are payable to eligible members who because of permanent disability are unable to earn a livelihood in any occupation. In most instances, the disability retirement benefit is calculated at 50 percent of the member's salary for the last full year of creditable service.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and have met certain eligibility requirements.

Benefit Formula—All service retirement benefits are based on a formula which multiplies final average salary by the applicable formula factor, by the years of credit and, in the case of early retirement, by an age reduction factor. Final average salary is obtained by dividing the total salaries for the 3 highest consecutive years of service by 36; the applicable factor is determined by the type of retirement eligibility; total credit is the amount accumulated at retirement for covered service and purchased credit; and the age factor, where applicable, is determined by the age at retirement.

Normal Retirement—A member may retire with benefits calculated under the standard (.025) formula factor at age 60 with 5 years of credit, at any age with 30 years of credit, or when a combination of age and service credit equals 80. Between 7/1/2001-6/30/2008, a member may retire with a .0255 formula factor with 31 or more years of service. A special provision in effect until July 1, 2003 allows members under age 55 with 25.0 – 29.9 years of credit to retire with benefits calculated under a modified formula factor ranging from .022 to .024 but with no age reduction factor applied.

Early Retirement—A member may retire with benefits calculated under the standard (.025) formula with an age reduction factor applied, at age 55 with 5 years of credit or at any age with 25 years of credit, as long as they do not qualify for Rule of 80 (after 7/1/2003).

Payment Options—A retiring member may elect to receive the maximum benefits payable under the Single Life option, or may elect to receive a reduced benefit under one of three Joint-and-Survivor options or under one of two Term-Certain options, to provide survivor benefit coverage in varying degrees after the retiree's death.

Certain benefit minimums apply to normal or early retirement with 15 or more years of credit. The minimums for 15 but fewer than 25 years of credit are reduced if a Joint-and-Survivor or a Term-Certain option is elected and/or if an age factor is applicable because of early retirement. The minimums for 25 or more years of credit are reduced only if a Joint-and-Survivor or a Term-Certain option is elected.

Post-Retirement Increases

Cost-of-living adjustments (COLAs) are provided beginning the second January after retirement (7/1/01) to service and disability retirees, and to Joint-and-Survivor beneficiaries of deceased retirees. The annual COLA, not to exceed 5%, is based on the increase in the cost of living as measured by the Department of Labor Consumer Price Index for the previous fiscal year and is applied to the current benefit of each eligible recipient. Lifetime COLAs are limited to 80% of the original retirement benefit. The 80% lifetime COLA limit became effective July 1, 2000.

Benefits Guide

A benefits guide containing detailed information concerning the retirement program can be obtained from the retirement office upon request.

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NTRS Summary Plan Description

The Non-Teacher School Employee Retirement System of Missouri (NTRS) was established by an Act of the Missouri Legislature effective November 1, 1965, and is governed by Chapter 169 of the *Revised Statutes of Missouri*.

The plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan is funded on an actuarial reserve basis, which guarantees availability of funds to pay benefits as prescribed by law.

Administration

The statutes provide that the responsibility for the operation and administration of the retirement system is vested in The Public School Retirement System (PSRS) Board of Trustees sitting as the Board of Trustees for NTRS. The Board is comprised of three elected PSRS members, one elected Non-Teacher School Employee Retirement System (NTRS) member and three appointed trustees. The four elected trustees are selected by vote of the members and retirees of both systems. Two are elected each even-numbered calendar year to serve four-year terms. The three appointed trustees, one of whom must be a PSRS or an NTRS retiree, are named by the governor. The appointed trustees must be residents of school districts included in the retirement system but not employees of such districts nor state employees nor a state elected official.

The Board appoints an Executive Director who is responsible for employment of the retirement office staff and routine operation of the system, and who acts as advisor to the Board on all matters pertaining to the system.

Member Participation

Active Members—are currently working in covered employment. Employees contribute 4.5 percent of their gross salary to a member contribution account. These amounts are deducted by the employing district and then forwarded to NTRS by the payroll officer and applied to the member's account in the NTRS. NTRS membership is automatic, regardless of position, for all persons not covered by The Public School Retirement System who are regularly employed for 20 or more hours a week by the public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts in Missouri, and of the retirement system.

NTRS membership can be elected by employees with Missouri teaching certificates who work **in any position** for 20 or more hours weekly but less than full time; however, PSRS membership is automatic if NTRS election is not made. The election to join NTRS must be filed with the Board of Trustees within 90 days after entering first time, part-time employment.

Since July 1, 1989, member contributions have been tax-deferred for federal and state income tax purposes under IRC 414(h)(2). Contributions are not considered as income for federal or state income tax purposes until they are paid in a lump-sum refund or in monthly benefits.

Individual accounts are maintained for all contributory members. Interest is credited each June 30 on the previous June 30 balance. The interest rate set annually by the Board of Trustees was 6 percent on June 30, 2001. Since NTRS is a defined benefit plan, benefits are based upon the member's final average salary and years of creditable service. The amount of interest credited to a member's account has no bearing on the monthly benefit amount payable at retirement.

Inactive Members—have contributions on deposit with NTRS but are not currently working in covered employment.

Member's Survivors—When a member dies before retirement, the designated beneficiary becomes eligible for a lump sum refund of the employee's contributions and interest. In lieu of the lump sum refund, beneficiaries with an insurable interest and beneficiaries of disability retirees may elect to receive monthly benefits under the Option 2 retirement plan. Benefits are payable to the beneficiary under the Option 2 plan when the member would have been eligible for early or normal retirement.

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Membership Termination

Membership in the System is terminated by withdrawal of contributions, unemployment in a covered position for five consecutive school years if the member is not vested, death, or retirement.

Employer Participation

The employers served by NTRS withhold members' contributions from salary payments and match employee contributions at a current rate of 4.5 percent of payroll (5 percent effective 7/1/01). Employer contributions and investment earnings on those funds are placed in a general reserve account to pay monthly benefits to retirees and to beneficiaries of deceased members. It is the responsibility of the employers to remit contributions to the retirement system promptly and to supply NTRS with new membership records and members' contribution information. Employers also provide needed data when members apply for benefits or refund of contributions upon termination of employment.

Refund of Contributions

Member contributions plus interest are fully refundable upon termination of service or death. All credit and benefit rights are forfeited upon voluntary withdrawal or automatic membership termination. Voluntary withdrawal is available to members who cease covered employment. Automatic termination occurs when a non-vested member is absent from covered employment for five consecutive years. Only the money the member has contributed and accrued interest are refundable.

A member may, upon returning to covered employment, reinstate the credit forfeited through termination of a previous membership by repaying the money withdrawn plus interest.

Service Retirement Benefits

Service retirement benefits are payable to persons who have terminated employment and who have met age and service requirements.

Benefit Formula—All service retirement benefits are based on a formula which multiplies final average salary by the applicable formula factor, by the years of credit and, in the case of early retirement, by an age reduction factor. Final average salary is obtained by dividing the total salaries for the three highest consecutive years of service by 36; the applicable factor is determined by the type of retirement eligibility; total credit is the amount accumulated at retirement for covered service and purchased credit; and the age factor, where applicable, is determined by the age at retirement.

Because of the conversion of the system from a formula integrated with Social Security to the present basis, a special "frozen benefit" is in effect for certain members for service prior to July 1, 1973.

Normal Retirement—A member may retire with benefits calculated under the standard (.0151) formula at age 60 with 5 years of credit, at any age with at least 30 years of service, and at the point where the member's age plus creditable service equals or exceeds 80 (Rule of 80). A member may retire under the standard (.0151) formula when the member qualifies for Rule of 80 or 30 and out and will receive an additional .004 multiplier until he/she qualifies for Social Security benefits (currently age 62). A special provision in effect until July 1, 2003 allows members under age 55 with 25.0-29.9 years of credit to retire with benefits calculated under a modified formula factor ranging from .0141 to .0149 but with no age reduction factor applied. **Note:** Effective 7/1/01 the standard formula increased to .0161 and the temporary benefit increased to .008.

Early Retirement—A member may retire with benefits calculated under the standard (.0161) formula with an age reduction factor applied, at age 55 with 5 but fewer than 25 years of credit.

Options—A retiring member may elect to receive the maximum benefits payable under the Single Life option, or may elect to receive a reduced benefit under one of three Joint-and-Survivor options or under one of two Term-Certain options, to provide survivor benefit coverage in varying degrees after the retiree's death. Another option, the Accelerated Payment Plan (APP), allows members to receive a higher NTRS benefit prior to minimum Social Security eligibility age (currently age 62). When the minimum Social Security eligibility age is attained, the member's NTRS benefit will be reduced and will remain at a reduced level for the remainder of their retirement.

Actuarial Section

Creditable Service—Credit is allowed for eligible service both before and after the system began on November 1, 1965. *Prior service credit* is granted for complete years of eligible service before November 1, 1965. The credit is allowed without contributions, but it does require filing a claim. *Membership service credit* is allowed for services after November 1, 1965 for which retirement contributions are remitted or credit is purchased. In addition to credit earned for covered service, members may purchase credit in various categories including several types of leave, outside school service, other public and private employment, active U.S. military duty, and service under the federal Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA).

Disability Retirement Benefits

Disability retirement benefits are payable to persons who have met service and eligibility requirements and who because of permanent disability are unable to earn a livelihood in any occupation. The disability retirement benefit is calculated at 90 percent of the normal service retirement.

Cost-of-Living Adjustments

Cost-of-living adjustments (COLAs) are provided starting the fourth January after retirement. The annual COLA is not to exceed 5 percent, is based on the Department of Labor Consumer Index for the previous fiscal year and is applied each January to current benefit payments for eligible retirees and beneficiaries. Total lifetime COLAs are limited to 80 percent of the original retirement benefit.

Handbook

A handbook which furnishes more complete information concerning provisions of the NTRS law and regulations can be obtained from the retirement office.

Statistical Section

Revenues by Source

Deductions by Type

Summary of Changes in Membership

Growth Through the Years

2000-2001 New Service Retirees

2000-2001 New Retiree Statistics

Schedule of Retirees by Type and Benefits by Type

Average New Retiree Statistics

Average Benefit Payments to New Retirees

PSRS/NTRS Actuarial Assets and Liabilities

Employees Reported on the 2000-2001 Annual Reports



Statistical Section

PSRS Revenues by Source

(Dollar amounts in thousands)

Year	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
1992	\$ 179,604	\$ 179,604	\$ 659,834	\$	\$ 1,019,042
1993	190,865	186,293	808,048		1,185,206
1994	205,230	200,422	740,602		1,146,254
1995	222,124	211,866	1,468,062	541	1,902,593
1996	249,854	238,631	1,370,448	25,681	1,884,614
1997	264,736	251,958	2,396,120	494	2,913,308
1998	289,224	273,126	2,609,911 *	246	3,172,507
1999	302,183	287,699	1,795,732	273	2,385,887
2000	319,579	304,944	1,455,003	274	2,079,800
2001	\$ 335,275	\$ 324,526	\$ (407,172)	\$ 810	\$ 253,439

* Includes recognition of previously deferred income and unrealized gains/losses as a result of adoption of GASB Statement 25.

PSRS Deductions by Type

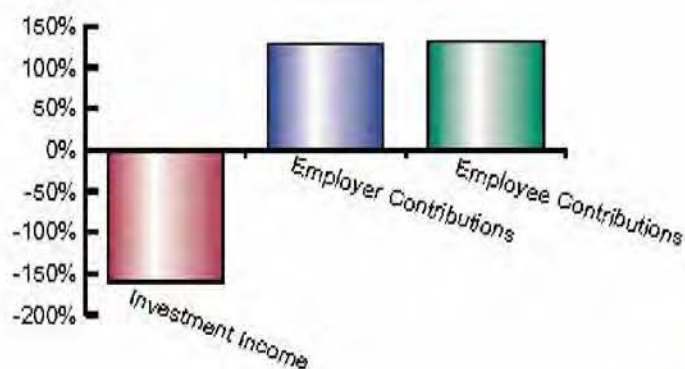
(Dollar amounts in thousands)

Year	Monthly Benefits	Lump-Sum Refunds	Administrative Expenses*	Other	Total
1992	\$ 226,483	\$ 18,883	\$ 2,390	\$	\$ 247,756
1993	252,529	18,001	2,467		272,997
1994	271,798	18,681	2,287		292,766
1995	300,612	19,731	2,801	1	323,145
1996	349,698	23,256	3,763	25,045	401,762
1997	399,875	25,973	3,867	181	429,896
1998	442,850	28,409	2,827	6	474,092
1999	534,619	31,044	3,137	3	568,803
2000	638,981	36,098	3,710 **	2	678,791
2001	\$ 749,891	\$ 35,047	\$ 3,995	\$ 14	\$ 788,947

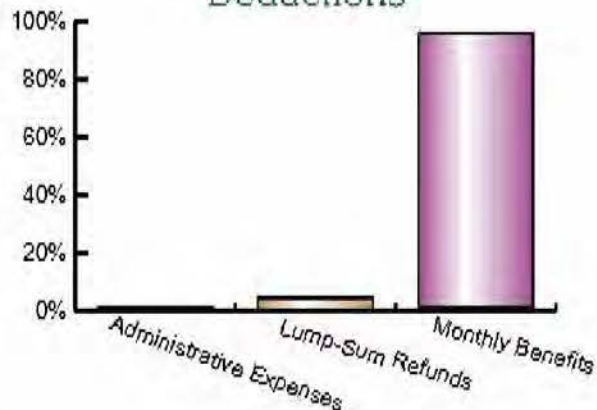
*Total does not include investment fees and expenses

** Shared expenses were allocated under a new formula beginning in 1998.

Revenues



Deductions



Statistical Section

NTRS Revenues by Source

(Dollar amounts in thousands)

Year	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
1992	\$ 15,735	\$ 15,735	\$ 48,267	\$	\$ 79,737
1993	16,320	16,320	59,985		92,625
1994	17,766	17,618	56,613		91,997
1995	19,249	19,457	112,452*	25	151,183
1996	21,155	20,967	101,972	6	144,100
1997	24,516	24,394	183,542	11	232,563
1998	27,528	27,316	198,913	11	253,768
1999	30,372	30,013	137,142	17	197,544
2000	34,499	34,186	113,954	14	182,653
2001	\$ 37,934	\$ 37,500	\$ (29,647)	\$ 73	\$ 45,860

* Includes recognition of previously deferred income and unrealized gains/losses as a result of implementation.

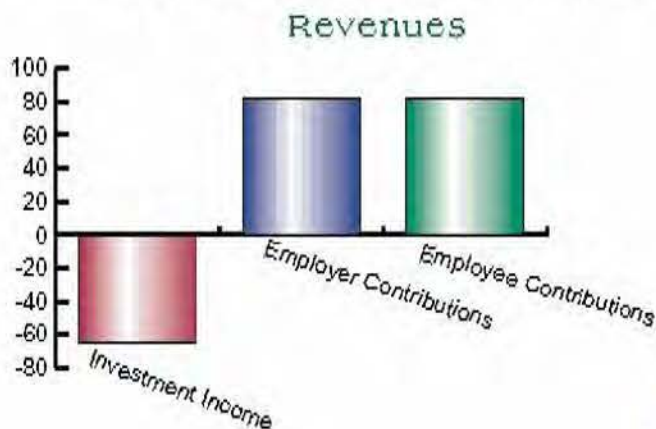
NTRS Deductions by Type

(Dollar amounts in thousands)

Year	Monthly Benefits	Lump-Sum Refunds	Administrative Expenses	Other	Total
1992	\$ 15,079	\$ 3,779	\$ 813	\$	\$ 19,671
1993	17,262	3,763	821		21,846
1994	19,497	4,256	901		24,654
1995	22,067	5,000	690 *		27,757
1996	25,155	5,182	769		31,106
1997	28,265	6,160	884		35,309
1998	31,338	7,121	1,470**	1	39,930
1999	34,518	7,295	1,604	1	43,418
2000	41,530	9,902	1,919	1	53,352
2001	\$ 49,038	\$ 9,201	\$ 2,242	\$ 4	\$ 60,485

*1995 and following years do not include investment fees and expenses.

**Shared expenses were allocated under a new formula beginning in 1998.



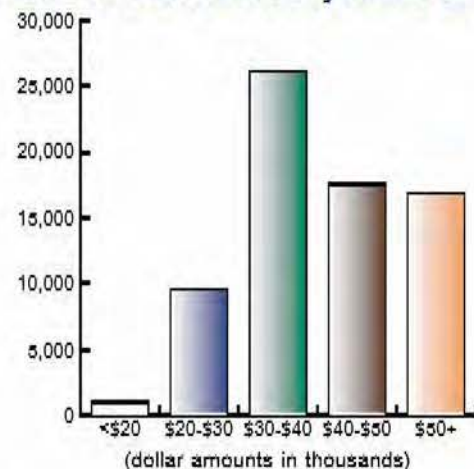
Statistical Section

PSRS Summary of Changes in Membership During 2000-01

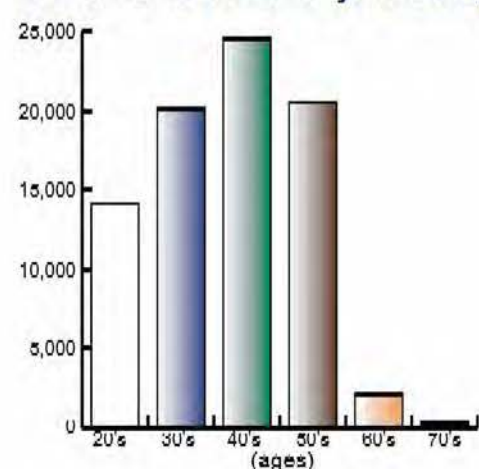
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Membership, July 1, 2000	18,708	60,737	79,445
New Members Added	1,722	5,586	7,308
Less. Service Retirements	866	1,751	2,617
Disability Retirements	6	38	44
Withdrawals	522	1,530	2,052
Deaths	23	52	75
Memberships Terminated	52	263	315
Other	7	25	32
	<u>1,476</u>	<u>3,659</u>	<u>5,135</u>
Net Change in Membership 2000-01	<u>246</u>	<u>1,927</u>	<u>2,173</u>
Membership June 30, 2001	<u>18,954</u>	<u>62,664</u>	<u>81,618</u>

Note: Eleven members eligible for retirement died during the year. These are reflected as deaths on this schedule, but as new retirees on page 79.

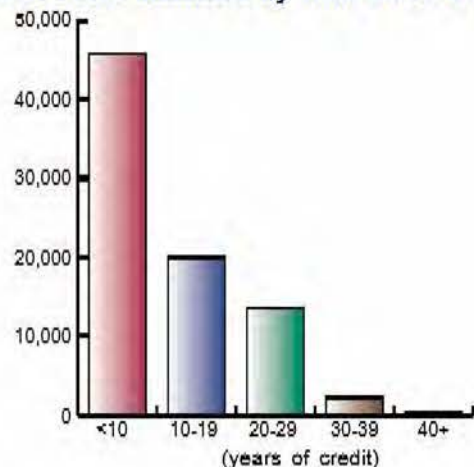
2000-01 PSRS Members by Annual Salary



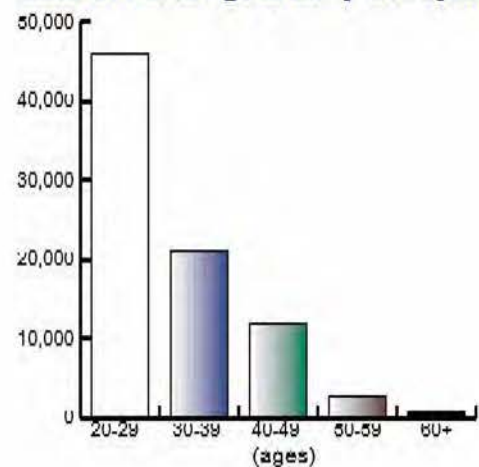
2000-01 PSRS Members by Current Age



2000-01 PSRS Members by Total Service Credit



2000-01 PSRS Age at Entry into System



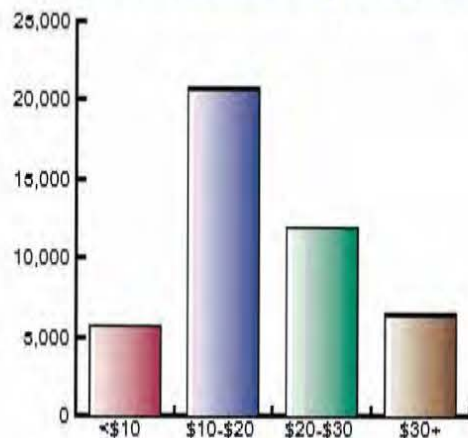
Statistical Section

NTRS Summary of Changes in Membership During 2000-01

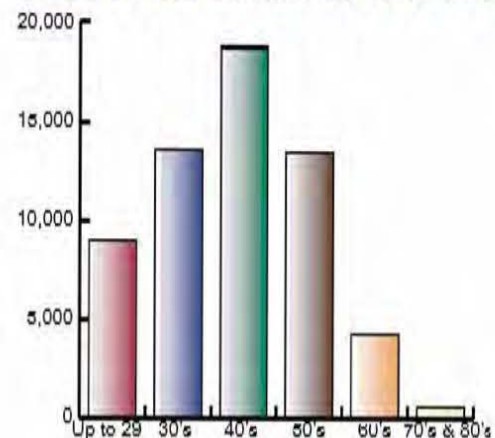
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Membership, July 1, 2000	13,827	41,717	55,544
New Members Added	2,781	7,662	10,443
Less. Service Retirements	259	705	964
Disability Retirements	20	32	52
Withdrawals	1,179	2,893	4,072
Deaths	36	50	86
Memberships Terminated	352	840	1,192
Other	37	76	113
	<u>1,883</u>	<u>4,596</u>	<u>6,479</u>
Net Change in Membership 2000-2001	<u>898</u>	<u>3,066</u>	<u>3,964</u>
Membership June 30, 2001	<u>14,725</u>	<u>44,783</u>	<u>59,508</u>

Note: Fourteen members eligible for retirement died during the year. These are reflected as deaths on this schedule, but as new retirees on page 80.

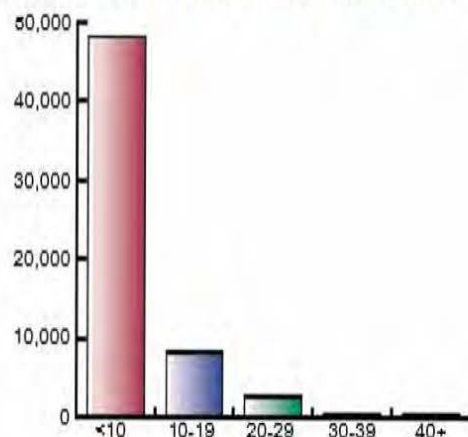
2000-01 NTRS Members by Annual Salary



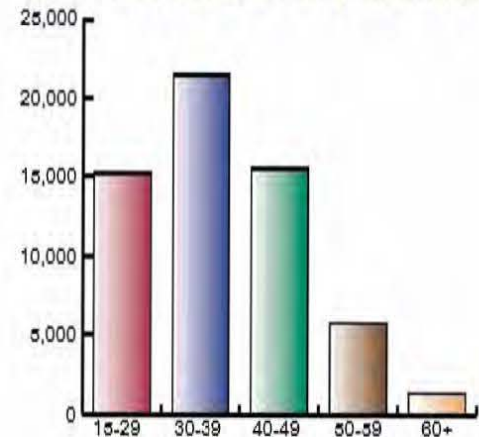
2000-01 NTRS Members by Current Age



2000-01 NTRS Members by Total Service Credit

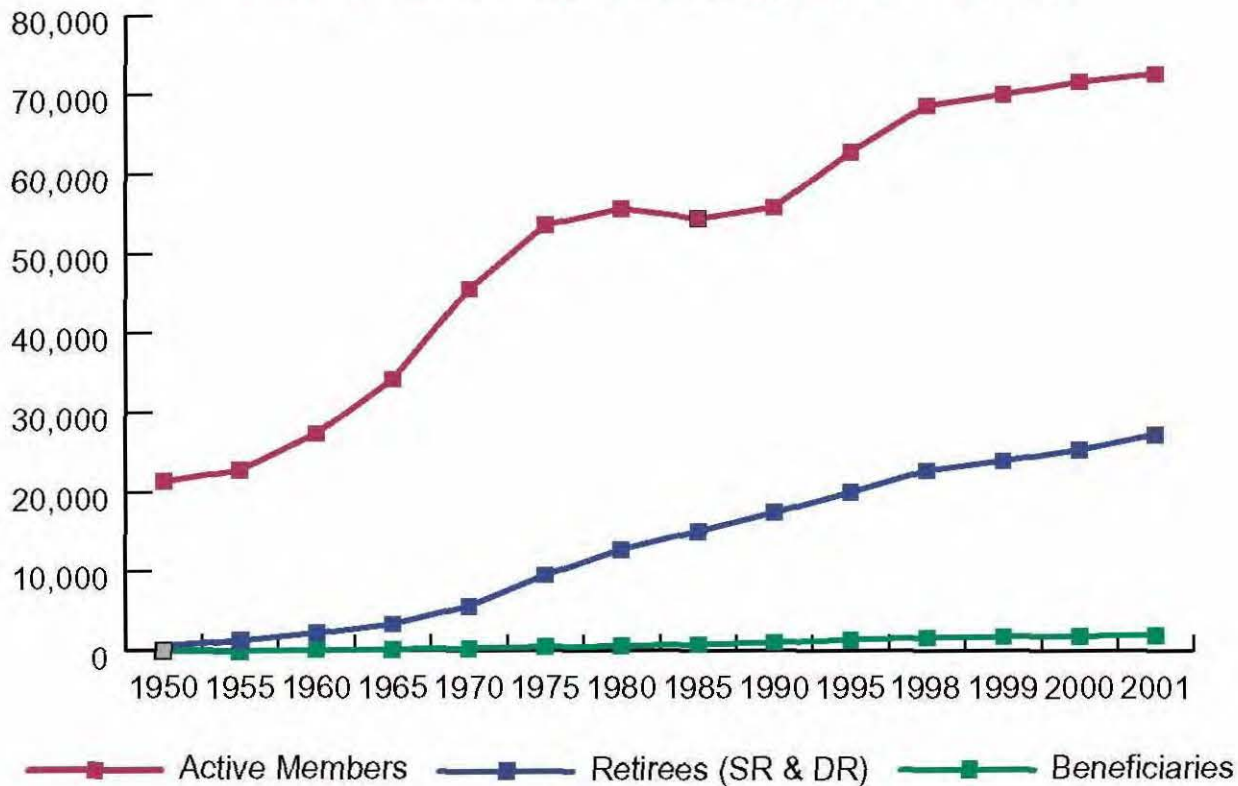


2000-01 NTRS Age at Entry into System

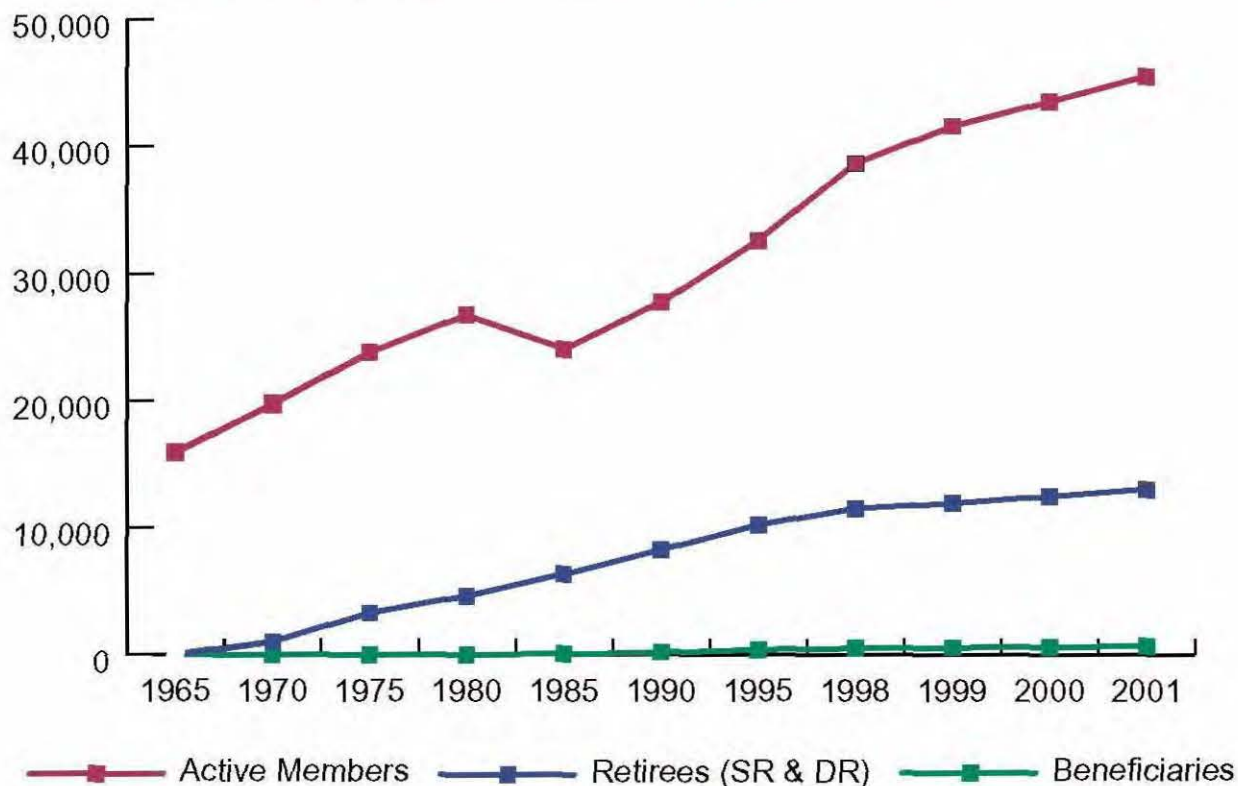


Statistical Section

PSRS Growth Through the Years



NTRS Growth Through the Years



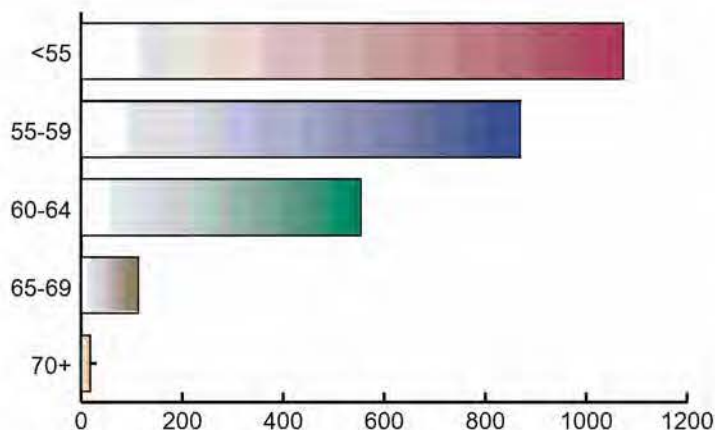
Statistical Section

PSRS 2000-01 New Service Retirees

Summary of Changes in Benefit Payments

	<u>Service Retirees</u>	<u>Disability Retirees</u>	<u>Beneficiaries</u>
Retirees July 1, 2000	24,759	580	1,899
Added during year	2,628	44	184
Died during year	(749)	(27)	(71)
Other	1	(1)	(13)
Retirees June 30, 2001	<u>26,639</u>	<u>596</u>	<u>1,999</u>

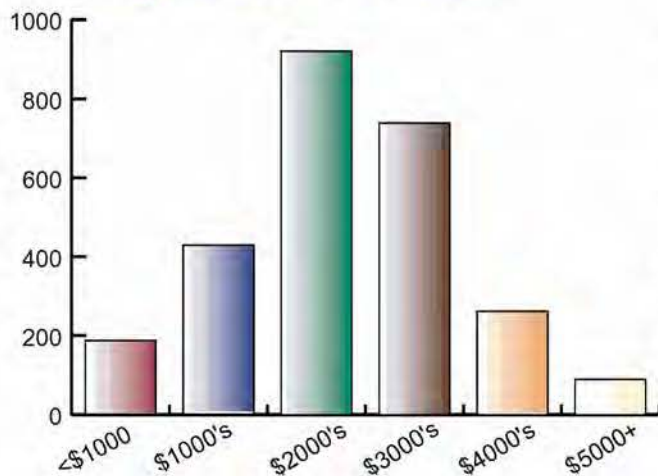
2000-01 New Service Retirees by Age at Retirement



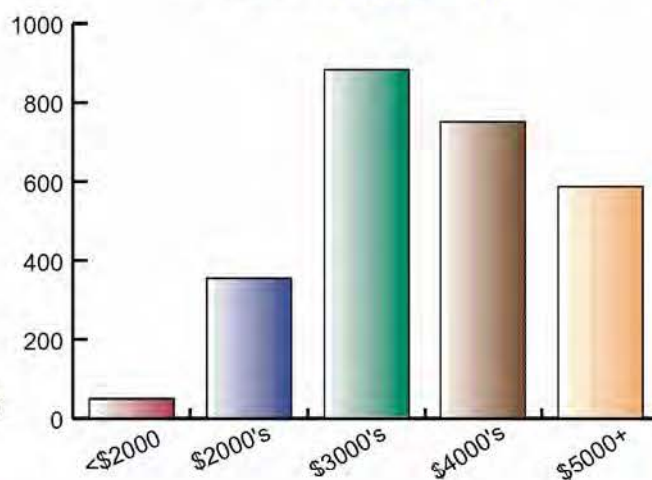
2000-01 New Service Retirees by Retirement Plan Option



2000-01 New Service Retirees by Single Life Benefit Amount



2000-01 New Service Retirees by Final Average Salary



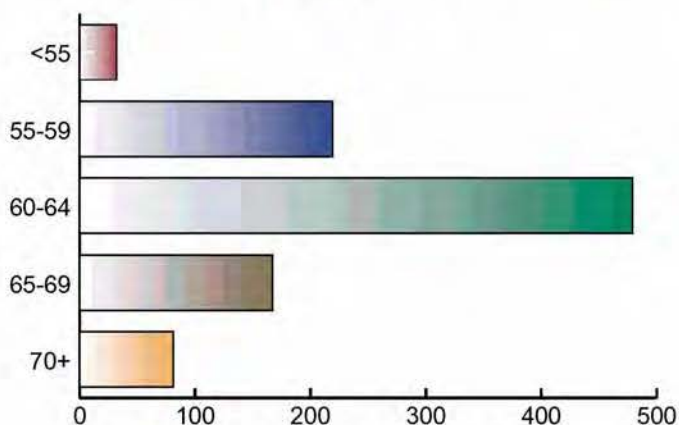
Statistical Section

NTRS 2000-01 New Service Retirees

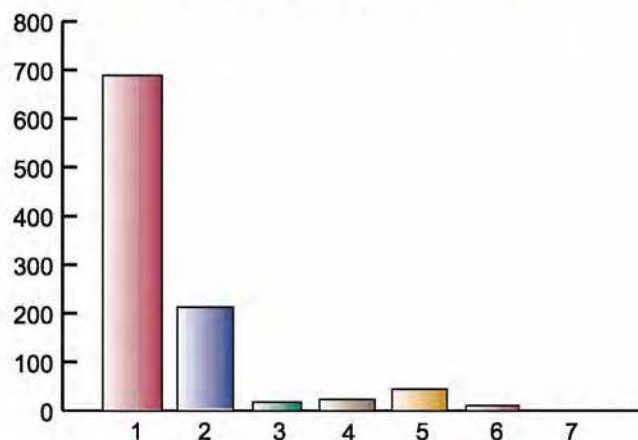
Summary of Changes in Benefit Payments

	<u>Service Retirees</u>	<u>Disability Retirees</u>	<u>Beneficiaries</u>
Retirees July 1, 2000	12,113	347	601
Added during year	978	52	76
Died during year	(449)	(22)	(14)
Other	(10)	1	0
Retirees June 30, 2001	<u>12,632</u>	<u>378</u>	<u>663</u>

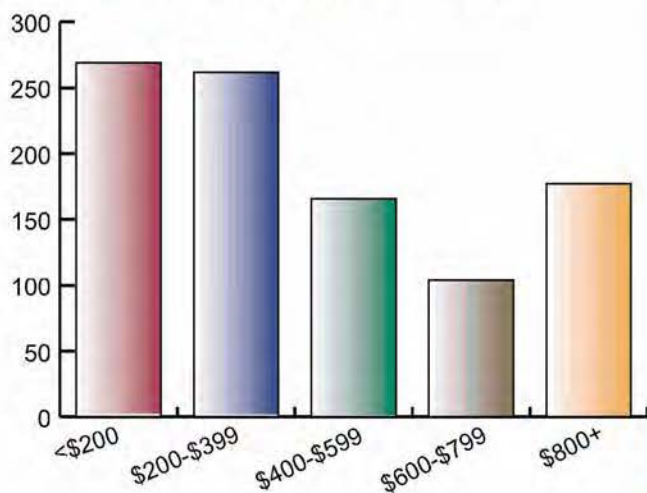
2000-01 New Service Retirees by Age at Retirement



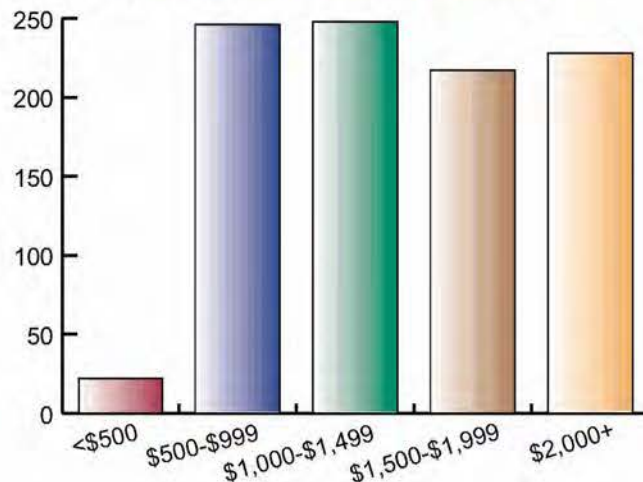
2000-01 New Service Retirees by Retirement Plan Option



2000-01 New Service Retirees by Single Life Benefit Amount



2000-01 New Service Retirees by Final Average Monthly Salary



PSRS Schedule of Retirees by Type (as of June 30) And Benefits by Type (for the year ended June 30)

(Dollar amount in thousands)

Year	Service Retirees		Disability Retirees		Beneficiaries	
	Number	Benefits	Number	Benefits	Number	Benefits
1991	17,383	\$ 184,744	555	\$ 4,995	1,196	\$ 7,078
1992	17,903	210,379	545	5,392	1,262	8,149
1993	18,618	234,933	560	5,826	1,303	9,299
1994	18,963	254,957	556	6,102	1,372	10,373
1995	19,424	281,897	558	6,427	1,412	11,821
1996	20,075	329,115	567	7,180	1,490	13,403
1997	21,140	375,518	566	7,541	1,586	15,856
1998	22,169	417,421	561	7,716	1,691	17,623
1999	23,386	504,517	569	8,717	1,793	21,385
2000	24,759	601,718	580	9,762	1,899	27,501
2001	26,639	\$ 706,647	596	\$10,719	1,999	\$ 32,525

PSRS Average New Retiree Statistics

Year Ending June 30	Regular Retirement Benefit	Increase From Previous Year	Age	Creditable Service
1991	\$ 1,763.43	8%	59.5	28.4
1992	1,716.78	-3	59.3	27.8
1993	1,854.29	7	59.0	26.8
1994	2,096.35	12	58.8	27.8
1995	2,013.36	-3	58.7	26.8
1996	2,182.88	8	56.3	27.8
1997	2,310.25	6	56.9	27.8
1998	2,205.00	-5	57.1	26.8
1999	2,446.78	10	57.0	26.7
2000	2,708.23	11	57.0	26.4
2001	\$ 2,805.75	4%	56.7	26.6

Statistical Section

NTRS Schedule of Retirees by Type (as of June 30) And Benefits by Type (for the year ended June 30)

(Dollar amount in thousands)

Year	Service Retirees		Disability Retirees		Beneficiaries	
	Number	Benefits	Number	Benefits	Number	Benefits
1992	8,904	\$ 14,403	196	\$ 287	260	\$ 414
1993	9,257	16,464	215	347	293	478
1994	9,557	18,534	235	417	344	572
1995	9,967	20,842	249	481	383	699
1996	10,376	23,785	267	550	415	820
1997	10,811	26,555	276	598	460	967
1998	11,218	29,599	288	665	497	1,074
1999	11,600	32,548	316	745	545	1,225
2000	12,113	39,072	347	945	601	1,513
2001	12,632	\$ 46,093	378	\$ 1,122	663	\$ 1,823

NTRS Average New Retiree Statistics

Year Ending June 30	New Service Retirees	Average New Monthly Benefit	% Increase/Decrease From Previous Year
1992	609	\$ 242.19	6%
1993	597	275.23	12
1994	571	306.20	11
1995	679	298.76	-3
1996	797	330.40	11
1997	809	336.86	2
1998	834	338.02	0
1999	796	344.27	2
2000	962	398.09	16
2001	978	\$ 475.42	19%

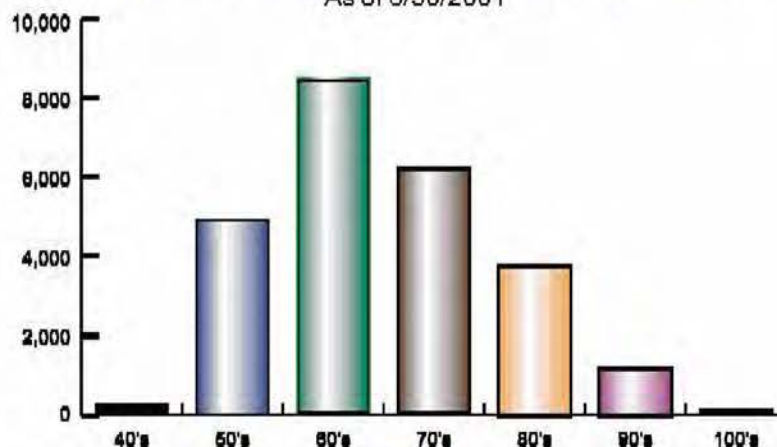
Statistical Section

PSRS Schedule of Average Benefit Payments to New Retirees

Retirement Effective Dates	Years of Credit				
	5-10	10-20	20-30	30-40	40 +
2000-01					
Average Monthly Benefit	\$ 478.25	\$ 1,164.69	\$ 2,620.89	\$ 3,592.51	\$ 5,430.96
Average Final Average Salary	\$ 3,019.97	\$ 3,245.20	\$ 4,071.52	\$ 4,551.60	\$ 5,430.96
Number of Retirees	75	276	1,232	1,027	18
1999-00					
Average Monthly Benefit	\$ 505.60	\$ 1,127.90	\$ 2,472.05	\$ 3,513.50	\$ 5,208.22
Average Final Average Salary	\$ 2,949.00	\$ 3,309.97	\$ 3,900.41	\$ 4,447.34	\$ 5,209.06
Number of Retirees	95	218	913	912	14
1998-99					
Average Monthly Benefit	\$ 429.45	\$ 994.13	\$ 2,211.31	\$ 3,159.40	\$ 4,455.55
Average Final Average Salary	\$ 2,921.90	\$ 2,827.44	\$ 3,576.31	\$ 3,986.81	\$ 4,531.66
Number of Retirees	82	206	1,120	526	12
1997-98					
Average Monthly Benefit	\$ 443.62	\$ 921.12	\$ 2,008.50	\$ 2,839.48	\$ 3,406.63
Average Final Average Salary	\$ 2,716.17	\$ 2,781.28	\$ 3,502.13	\$ 3,899.53	\$ 3,574.90
Number of Retirees	43	203	757	722	23
1996-97					
Average Monthly Benefit	\$ 391.92	\$ 902.28	\$ 1,889.21	\$ 2,718.27	\$ 3,439.68
Average Final Average Salary	\$ 2,270.11	\$ 2,703.67	\$ 3,307.59	\$ 3,736.23	\$ 3,602.36
Number of Retirees	42	176	843	704	23
1995-96					
Average Monthly Benefit	\$ 396.17	\$ 890.47	\$ 1,906.62	\$ 2,692.42	\$ 3,205.05
Average Final Average Salary	\$ 2,516.57	\$ 2,641.27	\$ 3,298.66	\$ 3,678.71	\$ 3,303.11
Number of Retirees	34	179	503	598	25

Ages of Retirees Receiving Benefits

As of 6/30/2001



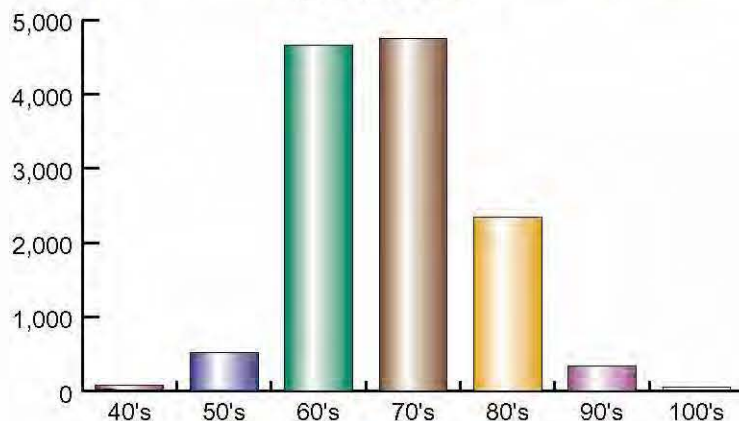
Statistical Section

NTRS Schedule of Average Benefit Payments to New Retirees

Retirement Effective Dates	Years of Credit			
	5-10	10-20	20-30	30 +
2000-01				
Average Monthly Benefit	\$ 140.88	\$ 345.23	\$ 685.46	\$ 1,149.53
Average Final Average Salary	\$ 1,363.00	\$ 1,644.77	\$ 1,894.10	\$ 2,299.70
Number of Retirees	217	371	306	84
1999-00				
Average Monthly Benefit	\$ 120.36	\$ 309.74	\$ 594.02	\$ 876.45
Average Final Average Salary	\$ 1,188.34	\$ 1,524.28	\$ 1,735.23	\$ 1,852.86
Number of Retirees	213	374	307	67
1998-99				
Average Monthly Benefit	\$ 110.51	\$ 270.07	\$ 507.31	\$ 824.22
Average Final Average Salary	\$ 1,190.23	\$ 1,405.33	\$ 1,580.10	\$ 1,915.99
Number of Retirees	187	300	259	50
1997-98				
Average Monthly Benefit	\$ 105.89	\$ 265.24	\$ 536.23	\$ 734.66
Average Final Average Salary	\$ 1,111.83	\$ 1,400.57	\$ 1,632.67	\$ 1,703.00
Number of Retirees	193	344	245	53
1996-97				
Average Monthly Benefit	\$ 119.00	\$ 250.00	\$ 504.00	\$ 710.00
Average Final Average Salary	\$ 1,206.00	\$ 1,313.00	\$ 1,571.00	\$ 1,614.00
Number of Retirees	184	301	269	57
1995-96				
Average Monthly Benefit	\$ 123.00	\$ 255.00	\$ 461.00	\$ 799.00
Average Final Average Salary	\$ 1,241.00	\$ 1,348.00	\$ 1,441.00	\$ 1,832.00
Number of Retirees	175	312	254	57

Ages of Retirees Receiving Benefits

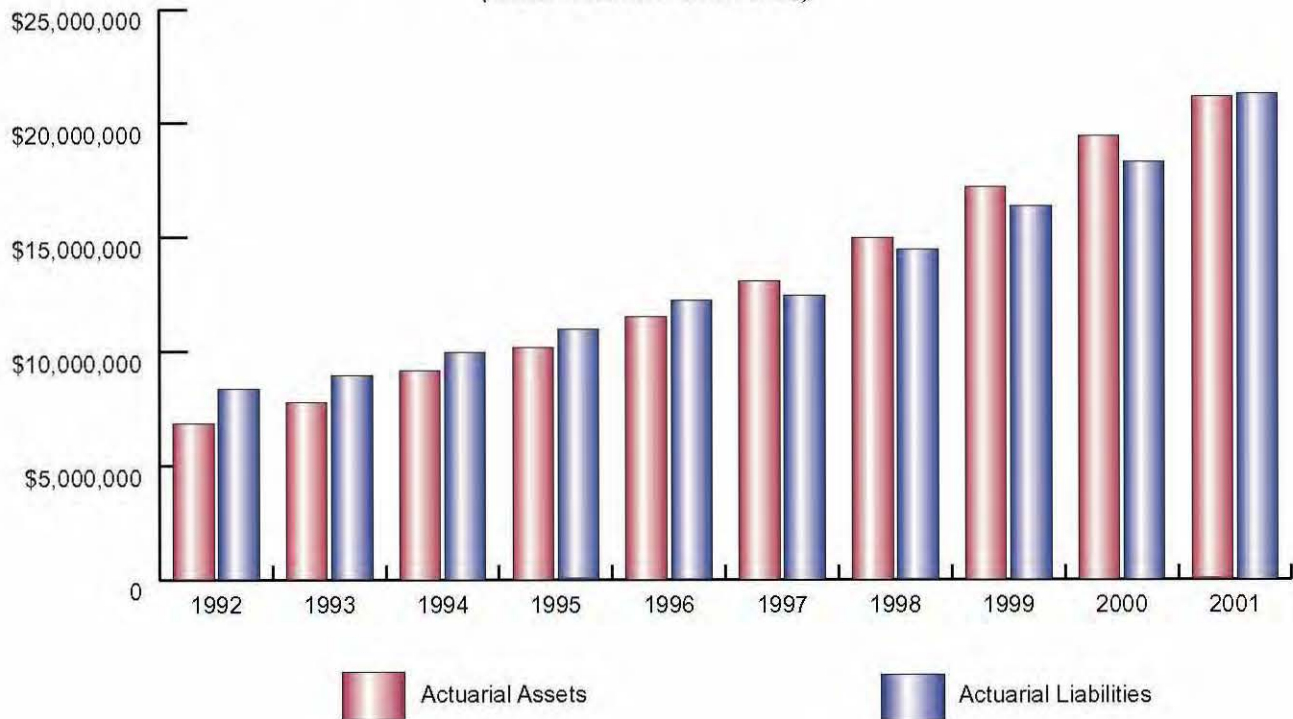
As of 6/30/2001



Statistical Section

PSRS Comparison of Actuarial Assets and Total Actuarial Liabilities

(Dollar amount in thousands)



NTRS Comparison of Actuarial Assets and Total Actuarial Liabilities

(Dollar amount in thousands)



Statistical Section

Employees Reported on the 2000-01 Annual Reports

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Special School Dist-St. Louis	2,454	1,833	4,287	Kirkville R-3 School District	232	162	394
Springfield R-XII Schools	1,880	1,407	3,287	Mexico Public Schools	218	162	380
Parkway C-2 Schools	1,738	1,278	3,016	Branson R-IV Schools	233	146	379
Rockwood R-VI Schools	1,492	1,148	2,640	McDonald Co. C-1 Schools	250	128	378
North Kansas City Schools	1,436	1,084	2,520	Moberly Public Schools	232	146	378
Hazelwood R-I Schools	1,474	970	2,444	Willard R-II Schools	243	134	377
Columbia Public Schools	1,444	983	2,427	Nevada R-V Schools	244	133	377
Francis Howell R-III Schools	1,375	744	2,119	Excelsior Springs 40 Schools	252	116	368
Ferguson-Florissant R-2 School	1,054	927	1,981	Union R-XI Schools	225	139	364
Independence Public Schools	910	1,068	1,978	Warren Co. R-III Schools	198	149	347
Lee's Summit R-VII Schools	1,025	933	1,958	Jennings Public Schools	226	114	340
Ft. Zumwalt R-I Schools	1,187	668	1,855	Carl Junction R-I Schools	199	140	339
Blue Springs R-IV Schools	943	758	1,701	Windsor C-1 Schools	218	121	339
St. Joseph Public Schools	982	613	1,595	Dallas County R-I Schools	182	155	337
Park Hill Schools	709	541	1,250	Chillicothe R-II Schools	202	134	336
Fox C-6 Schools	765	483	1,248	Marshall Public Schools	226	109	335
Metropolitan Community College	472	711	1,183	St. Clair R-XIII Schools	176	154	330
Raytown C-2 Schools	654	527	1,181	Perry County 32 Schools	202	125	327
Mehlville R-IX Schools	805	376	1,181	Bolivar R-I Schools	209	118	327
Jefferson City Public Schools	716	408	1,124	Republic R-III Schools	214	104	318
Joplin R-VIII Schools	627	492	1,119	Jefferson College	182	132	314
Liberty Public Schools	532	519	1,051	Harrisonville R-IX Schools	199	113	312
Hickman Mills C-1 Schools	663	366	1,029	Reeds Spring R-IV Schools	181	130	311
Northwest R-I Schools	573	376	949	Clinton School District	190	115	305
Pattonville R-III Schools	565	366	931	Elkton R-I Schools	178	119	297
St. Louis Community College	919		919	Kennett 39 Public Schools	186	110	296
Riverview Gardens Schools	519	358	877	Marshfield R-I Schools	209	85	294
Fort Osage R-I Schools	421	383	804	Monett R-I Schools	187	105	292
Wentzville R-IV Schools	445	343	788	Kearney R-1 Schools	198	85	283
St. Charles Co. R-VI Schools	528	255	783	Moberly Area Community College	179	104	283
Normandy Public Schools	420	293	713	New Madrid Co. R-I Schools	197	84	281
Poplar Bluff R-I Schools	418	255	673	Platte County R-III Schools	192	88	280
Waynesville R-VI Schools	458	208	666	Mineral Area Community College	189	90	279
Kirkwood R-VII Schools	372	291	663	Aurora R-VIII Schools	163	115	278
Ritenour Public Schools	473	190	663	Savannah R-III Schools	182	95	277
Grandview C-4 Schools	386	274	660	Crowder College	205	72	277
University City Public Schools	349	277	626	Odessa R-VII Schools	194	82	276
Cape Girardeau Public Schools	398	225	623	Potosi R-III Schools	172	104	276
Sikeston R-VI Schools	328	268	596	State Fair Community College	199	73	272
Belton 124 Public Schools	356	234	590	Festus R-VI Schools	164	105	269
Lindbergh R-VIII Schools	386	202	588	Dexter R-XI Schools	172	97	269
Rolla 31 Public Schools	338	247	585	Mountain Grove R-III Schools	156	111	267
Sedalia 200 Public Schools	346	221	567	Cassville R-IV Schools	141	124	265
Clayton Public Schools	330	229	559	Knob Noster R-VIII Schools	169	93	262
Raymore-Peculiar R-II Schools	338	212	550	Ste. Genevieve R-II Schools	163	98	261
Lebanon R-III Schools	322	228	550	Sullivan C-2 Schools	175	83	258
Hannibal 60 Public Schools	324	222	546	Gasconade Co. R-II Schools	161	91	252
Jackson R-II Schools	322	222	544	East Central College	154	98	252
Ladue Public Schools	361	179	540	Maryville R-II Schools	163	86	249
Meramec Valley R-III Schools	300	237	537	Central R-III Schools	152	92	244
Webster Groves Public Schools	319	218	537	St. James R-I Schools	144	94	238
Camdenton R-III Schools	318	213	531	Richmond R-XVI Schools	149	86	235
Washington Public Schools	321	208	529	Fredericktown R-I Schools	141	93	234
Neosho R-V Schools	304	211	515	Greene Co. R-VIII Schools	144	84	228
Webb City R-VII Schools	266	202	468	Oak Grove R-VI Schools	144	83	227
Farmington R-VII Schools	298	170	468	Cameron R-I Schools	148	78	226
St. Charles Comm. College	223	245	468	Grain Valley R-V Schools	134	91	225
Troy R-III Schools	284	177	461	Morgan Co. R-II Schools	132	86	218
Carthage R-IX Schools	278	175	453	School of the Osage R-II Sch.	138	76	214
Fulton Public Schools	220	231	451	North Central Missouri College	100	114	214
Warrensburg R-VI Schools	285	158	443	Pleasant Hill R-III Schools	147	66	213
DeSoto Public Schools	253	187	440	Salem R-80 Schools	123	90	213
Hillsboro R-III Schools	243	190	433	Lamar R-I Schools	126	83	209
N. St. Francois R-I Schools	251	172	423	Boonville R-I Schools	138	71	209
Center Public Schools	247	165	412	Three Rivers Community College	148	61	209
Ozarks Technical Comm. College	259	149	408	St. Charles Co. R-V Schools	111	96	207
Afton 101 Schools	212	195	407	Doniphan R-I Schools	139	64	203
West Plains R-VII Schools	228	178	406	Bowling Green R-I Schools	131	71	202
Nixa R-II Schools	295	109	404	Charleston R-I Schools	115	86	201
Ozark R-VI Schools	280	123	403	Seneca R-VII Schools	129	72	201

Statistical Section

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Macon Co. R-1 Schools	126	73	199	Elsberry R-II Schools	81	43	124
Holden R-III Schools	128	70	198	Pike County R-III Schools	77	46	123
Caruthersville 18 Schools	139	58	197	Ralls Co. R-II Schools	85	38	123
Maplewood-Richmond Heights Sch	118	79	197	Knox Co. R-I Schools	78	44	122
Brookfield R-III Schools	129	66	195	Monroe City R-I Schools	79	43	122
Ava R-I Schools	130	63	193	Sherwood Cass R-VIII Schools	75	44	119
Mountain View R-3 Schools	116	77	193	Marceline R-V Schools	78	41	119
Smithville R-II Schools	129	62	191	Portageville Schools	78	41	119
Winfield R-IV Schools	115	74	189	East Carter Co. R-II Schools	74	44	118
Willow Springs R-IV Schools	116	72	188	Perris Co. Co. Special Schools	67	51	118
Dunklin R-V Schools	118	69	187	Laclede Co. R-I Schools	74	43	117
North Callaway Co R-I Schools	124	61	185	W. St. Francois R-IV Schools	80	37	117
Lexington R-V Schools	129	53	182	Fair Grove R-X Schools	80	36	116
Montgomery Co. R-II Schools	117	63	180	Putnam Co. R-I Schools	76	40	116
Hollister R-V Schools	105	75	180	Windsor R-I Schools	70	45	115
Crawford County R-II Schools	117	62	179	Osage County R-III Schools	74	41	115
Monteau Co. R-I Schools	115	64	179	Jefferson Co R-VII Schools	54	60	114
Warsaw R-IX Schools	100	77	177	Scotland Co. R-I Schools	67	47	114
East Newton Co. R-VI Schools	123	52	175	Southwest R-V Schools	75	38	113
Malden R-I Schools	123	51	174	Westran R-I Schools	71	42	113
Lafayette Co. C-1 Schools	108	66	174	Puxico R-VII Schools	70	43	113
Clearwater R-I Schools	96	78	174	Blue Eye R-V Schools	70	43	113
Palmyra R-I Schools	100	72	172	Van-Far R-I Schools	76	35	111
Hancock Place Public Schools	132	40	172	Gainesville R-V Schools	68	43	111
East Prairie R-II Schools	93	75	168	Licking R-VIII Schools	70	41	111
Houston R-I Schools	106	61	167	Hamilton R-II Schools	72	38	110
Wright City R-II Schools	100	67	167	Diamond R-IV Schools	69	41	110
Arcadia Valley R-II Schools	109	57	166	Cole Camp R-I Schools	67	41	108
Southern Boone Co R-I Schools	107	58	165	East Buchanan Co C-1 Schools	77	31	108
Trenton R-IX Schools	111	54	165	Hickory County R-I Schools	63	45	108
Gasconade Co. R-I Schools	100	61	161	Woodland R-IV Schools	75	32	107
Forsyth R-III Schools	93	65	158	Miller R-II Schools	66	41	107
Mt. Vernon R-V Schools	111	46	157	Pierce City R-VI Schools	73	34	107
Carrollton R-VII Schools	96	60	156	Laquey R-V Schools	66	42	107
Strafford R-VI Schools	94	62	156	Fayette R-3 Schools	82	24	106
Dixon R-1 Schools	92	63	155	Marionville R-IX Schools	72	33	105
South Callaway Co R-II Schools	96	57	152	Iberia R-V Schools	61	44	105
El Dorado Springs R-II Schools	109	42	151	Crane R-III Schools	73	32	105
Centralia R-VI Schools	106	44	150	Jasper Co. R-V Schools	66	38	104
Twin Rivers R-X Schools	93	57	150	Mansfield R-IV Schools	67	37	104
Valley Park Public Schools	96	53	149	Clinton Co. R-III Schools	78	25	103
Butler R-V Schools	99	49	148	Grandview R-II Schools	71	32	103
South Harrison Co. R-2 Schools	92	56	148	Purdy R-II Schools	62	40	102
Stockton R-I Schools	87	60	147	Salisbury R-IV Schools	57	45	102
Clark Co. R-I Schools	101	46	147	Cole Co. R-V Schools	66	36	102
Brentwood Public Schools	92	55	147	Senath-Hornersville C-8 School	66	37	102
Dept. of Elem. & Secondary Ed.	147		147	Cole County R-I Schools	66	35	101
Crawford Co. R-I Schools	82	63	145	Ash Grove R-IV Schools	69	30	99
Lewis County C-1 Schools	96	49	145	Southern Reynolds R-II Schools	51	48	99
Lawson R-XIV Schools	107	38	145	Milan C-2 Schools	58	41	99
Lathrop R-II Schools	88	56	144	Fordland R-III Schools	63	36	99
Cabool R-IV Schools	83	61	144	Hartville R-II Schools	67	32	99
Hayti R-II Schools	96	46	141	Morgan Co. R-I Schools	61	37	98
Kingston K-14 Schools	80	57	137	West Platte Co. R-II Schools	68	29	97
Pleasant Hope R-VI Schools	88	46	134	Neelyville R-IV Schools	56	40	96
Louisiana R-II Schools	80	52	132	Sarcoxie R-II Schools	58	38	96
Scott City R-I Schools	87	45	132	Paris R-II Schools	58	38	96
Scott Co. R-IV Schools	90	41	131	Bloomfield R-XIV Schools	72	24	96
Wellston Public Schools	74	56	130	Adrian R-III Schools	59	35	94
Spokane R-VII Schools	84	44	128	Callaway County R-III Schools	58	36	94
Maries Co. R-II Schools	76	52	128	Iron Co. C-4 Schools	50	44	94
Shelby Co. R-IV Schools	83	45	128	Sparta R-III Schools	63	30	93
Alton R-IV Schools	74	53	127	Albany R-III Schools	57	35	92
Seymour R-II Schools	78	49	127	Bismarck R-V Schools	66	26	92
Steelville R-III Schools	74	52	126	Gallatin R-V Schools	59	32	91
Osage Co. R-II Schools	72	54	126	South Pemiscot Co. R-V Schools	67	24	91
North Platte Co. R-1 Schools	83	43	126	Chaffee R-II Schools	49	42	91
Schuyler County R-I Schools	75	51	126	Campbell R-II Schools	56	33	89
Greenville R-II Schools	74	52	126	Wellsville Middletown R-1 Sch.	52	37	89
Boone County R-IV Schools	93	32	125	Cole Co. R-II Schools	60	28	88
Bayless Public Schools	101	24	125	Thayer R-II Schools	57	31	88

Statistical Section

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Norwood R-I Schools	50	38	88	FairPlay R-II Schools	40	24	64
Smithton R-VI Schools	56	31	87	Orrick R-XI Schools	40	24	64
Meadow Heights R-II Schools	52	34	86	Climax Springs R-IV Schools	33	30	63
Van Buren R-I Schools	53	33	86	Billings R-IV Schools	46	17	63
Public School Retirement Sys.	7	79	86	Gideon 37 Public Schools	42	21	63
Sturgeon R-V Schools	51	34	85	Worth Co. R-II Schools	43	20	63
Cleaver R-V Schools	56	29	85	North Andrew Co. R-VI Schools	40	22	62
New Haven Public Schools	47	38	85	South Iron Co. R-I Schools	45	17	62
Johnson Co. R-VII Schools	51	34	85	Advanca R-IV Schools	44	18	62
Pulaski Co. R-IV Schools	57	28	85	Community R-VI Schools	38	23	61
Greenfield R-IV Schools	50	34	84	North Pemiscot R-I Schools	43	18	61
Maysville R-I Schools	64	20	84	Holcomb R-III Schools	39	21	60
Monteau Co. R-VI Schools	54	30	84	South Holt Co. R-1 Schools	44	16	60
Valley R-VI Schools	47	37	84	Dora R-III Schools	36	24	60
Fairview R-XI Schools	53	30	83	Naylor R-II Schools	38	22	60
Mid-Buchanan Co R-V Schools	64	18	82	Buchanan Co. R-IV Schools	42	17	59
Concordia R-II Schools	51	31	82	Richards R-V Schools	39	20	59
Canton R-V Schools	57	25	82	Bunker R-III Schools	33	26	59
Marion C. Early R-5 Schools	54	28	82	Shelby Co. C-1 Schools	42	17	59
Winona R-III Schools	54	28	82	Dent-Phelps R-III Schools	31	27	58
Tarkio R-I Schools	52	29	81	North Nodaway Co. R-VI Schools	34	24	58
Newburg R-II Schools	51	30	81	Bakersfield R-IV Schools	31	27	58
Plato R-V Schools	50	31	81	Hermitage R-IV Schools	33	24	57
Lone Jack C-6 Schools	47	33	80	Green City R-I Schools	33	24	57
Lonedell R-XIV Schools	45	34	79	Kirbyville R-VI Schools	37	20	57
Crystal City Public Schools	60	19	79	Otterville R-VI Schools	35	21	56
Leeton R-X Schools	41	38	79	Holt Co. R-II Schools	36	20	56
Crocker R-II Schools	48	31	79	Lutie R-VI Schools	29	27	56
Summersville R-II Schools	56	23	79	Halfway R-III Schools	27	29	56
Lincoln R-II Schools	49	29	78	Adair Co. R-1 Schools	34	21	55
Bernie R-XIII Schools	52	26	78	Exeter R-VI Schools	31	24	55
Camden County R-II Schools	50	27	77	Macks Creek R-5 Schools	38	17	55
Midway R-I Schools	52	25	77	Howard County R-II Schools	34	21	55
Weslaubau R-III Schools	47	30	77	LaMonte R-IV Schools	39	16	55
Princeton R-V Schools	55	22	77	Niangua R-5 Schools	38	17	55
Liberal R-II Schools	49	26	75	Silex R-I Schools	36	18	54
New Franklin R-1 Schools	47	27	74	Eminence R-I Schools	34	20	54
Lesterville R-IV Schools	35	39	74	Clarkton C-4 Schools	33	19	52
Lakeland R-III Schools	47	26	73	NE Nodaway Co. R-V Schools	35	16	51
Oscola Schools	50	23	73	Couch R-I Schools	32	19	51
Braymer C-4 Schools	46	26	72	Northeast Vernon Co. R-I	33	18	51
Maries Co. R-I Schools	49	22	71	Bronaugh R-VII Schools	28	23	51
Slater Public Schools	48	23	71	Delta R-V Schools	35	15	50
Green Ridge R-VIII Schools	43	27	70	Drexel R-IV Schools	36	14	50
NE Randolph R-IV Schools	41	29	70	Walnut Grove R-V Schools	33	17	50
Galena R-II Schools	45	25	70	Miller County R-III Schools	29	21	50
Santa Fe R-X Schools	45	24	69	Keytesville R-III Schools	26	23	49
Scott County Central Schools	48	21	69	Grundy Co. R-V Schools	28	21	49
Rock Port R-II Schools	49	19	68	Oran R-III Schools	35	14	49
Cass Co. R-V Schools	48	20	68	Hurley R-I Schools	34	15	49
Southland C-9 Schools	42	26	68	Brunswick R-II Schools	33	15	48
Sweet Springs R-VII Schools	45	23	68	Linn Co. R-I Schools	30	18	48
Richland R-I Schools	41	27	68	Marion Co. R-II Schools	32	16	48
Harrisburg R-VIII Schools	43	24	67	Fairfax R-III Schools	31	16	47
Lockwood R-I Schools	43	24	67	Pilot Grove C-4 Schools	33	14	47
Laclede County C-5 Schools	38	29	67	Calhoun R-VIII Schools	26	21	47
Verona R-VII Schools	38	29	67	North Mercer Co. R-III Schools	25	22	47
West Nodaway Co. R-I Schools	48	19	67	St. Elizabeth R-IV Schools	29	18	47
Nodaway-Holt R-VII Schools	41	26	67	Tri-County R-VII Schools	29	17	46
Pettis Co. R-V Schools	44	23	67	Osage County R-I Schools	32	14	46
Appleton City R-II Schools	48	19	67	Stewartsville C-2 Schools	33	12	45
Polo R-VII Schools	43	23	66	Oregon-Howell R-III Schools	30	15	45
King City R-I Schools	42	24	66	Adair County R-II Schools	28	16	44
Gentry County R-II Schools	46	20	66	North Wood R-IV Schools	25	19	44
Wellington-Napoleon R-IX Sch.	42	24	66	Glenwood R-VIII Schools	32	12	44
Wheaton R-III Schools	42	23	65	South Nodaway Co. R-IV Schools	28	16	44
Wheatland R-II Schools	32	33	65	Miami R-I Schools	26	17	43
LaPlata R-II Schools	42	23	65	Nell Holcomb R-IV Schools	29	14	43
Humansville R-IV Schools	46	19	65	Gilman City R-IV Schools	26	17	43
Rich Hill R-IV Schools	42	22	64	Meadville R-IV Schools	31	12	43
Oak Ridge R-VI Schools	40	24	64	SW Livingston Co. R-1 Schools	30	13	43

Statistical Section

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Zalma R-V Schools	27	15	42	Pleasant View R-V Schools	14	10	24
Junction Hill C-12 Schools	27	15	42	Revere C-3 Schools	16	7	23
Bevier C-4 Schools	27	15	42	Spickard R-II Schools	13	10	23
Jefferson C-123 Schools	29	13	42	Livingston Co. R-III Schools	12	11	23
Shell Knob Public Schools	29	12	41	Montrose R-XIV Schools	16	6	22
Golden City R-III Schools	27	14	41	Clarksburg C-2 Schools	16	6	22
Norborne R-VIII Schools	29	12	41	Ripley Co. R-III Schools	13	8	21
North Harrison Co. R-3 Schools	26	15	41	Gasconade C-4 Schools	11	9	20
Kingsville R-I Schools	30	11	41	Thornfield R-I Schools	14	6	20
Bell City R-II Schools	29	12	41	Blackwater R-II Schools	13	6	19
Chadwick R-I Schools	28	12	40	Laredo R-VII Schools	9	10	19
Winston R-VI Schools	26	14	40	Swedeborg R-III Schools	9	9	18
Sunrise R-IX Schools	29	11	40	Centerville R-I Schools	12	6	18
Bucklin R-II Schools	26	14	40	Miami R-1 Schools	12	6	18
Monteau Co. C-1 Schools	28	12	40	MO State Teachers Association	18		18
Madison C-3 Schools	27	13	40	Callao C-8 Schools	13	4	17
Delta C-7 Schools	27	13	40	Holliday C-2 Schools	8	9	17
Phelps Co. R-III Schools	18	22	40	Hardeman R-X Schools	11	6	17
Renick R-V Schools	22	18	40	Gorin R-III Schools	9	8	17
Tina-Avalon R-II Schools	25	14	39	Avenue City R-IX Schools	13	3	16
Sheldon R-VIII Schools	21	18	39	New York R-IV Schools	10	6	16
Pattonsburg R-II Schools	30	8	38	Luray 33 Public Schools	9	7	16
Marquand Zion R-VI Schools	26	12	38	Plainview R-VIII Schools	10	6	16
Cooper Co. R-IV Schools	21	16	37	Allenburg 48 Schools	11	5	16
Higbee R-VIII Schools	23	14	37	Kelso C-7 Schools	12	4	16
Malta Bend R-V Schools	26	11	37	Manes R-V Schools	10	6	16
Bradleyville R-I Schools	26	11	37	Missouri City Public Schools	7	8	15
Northwestern R-I Schools	26	10	36	Bond R-X Schools	7	8	15
Prairie Home R-V Schools	26	10	36	Cowgill R-VI Schools	10	4	14
Everton R-III Schools	24	12	36	Kingston Public Schools	10	4	14
Ridgeway R-V Schools	23	13	36	Strain-Japan R-XVI Schools	9	4	13
Chilhowee R-IV Schools	26	10	36	High Point R-III Schools	8	5	13
Macon Co. R-IV Schools	25	11	36	Oreaville R-IV Schools	9	4	13
Atlanta C-3 Schools	23	13	36	Shawnee R-III Schools	8	4	12
Risco R-I Schools	23	13	36	Middle Grove C-1 Schools	9	3	12
Hardin-Central C-2 Schools	26	10	36	Roscoe C-1 Schools	7	5	12
Taneyville R-II Schools	24	12	36	Mark Twain R-VIII Schools	7	5	12
Union Star R-II Schools	24	11	35	Coop. Sch. Dist. of St. Louis	12		12
Cooter R-IV Schools	26	9	35	Mirabile C-1 Schools	7	4	11
Hume R-VIII Schools	22	12	34	Monteau Co. R-V Schools	7	4	11
Dadeville R-II Schools	28	5	33	Davis R-XII Schools	3	7	10
Howell Valley R-I Schools	21	12	33	Gilliam C-4 Schools	6	3	9
Raymondville R-VI Schools	20	13	33	Hudson R-IX Schools	4	3	7
Bosworth R-V Schools	20	12	32	Southwest MO State University	6		6
Green Forest R-II Schools	17	15	32	MO High School Act. Assoc.	5		5
Franklin Co. R-II Schools	19	13	32	Division of Youth Services	2		2
Cainsville R-I Schools	17	15	32	MO Southern State College	2		2
Craig R-III Schools	21	11	32	Truman State University	2		2
Stet R-XV Schools	18	14	32	Central MO State University	1		1
Newtown-Harris R-III Schools	17	15	32	Department of Corrections	1		1
Richwoods R-VII Schools	19	13	32	Department of Mental Health	1		1
Brackenridge R-1 Schools	19	12	31	Harris-Stowe State College	1		1
Strasburg C-3 Schools	18	13	31				
Spring Bluff R-XV Schools	19	12	31				
Belleview R-III Schools	14	17	31				
Ballard R-II Schools	17	13	30				
Leopold R-III Schools	20	10	30				
North Daviess Co R-III Schools	20	10	30				
Osborn R-O Schools	23	7	30				
Avilla R-XIII Schools	13	17	30				
Westview C-6 Schools	17	13	30				
Hale R-I Schools	22	7	29				
Leesville R-IX Schools	10	18	28				
East Lynne Public Schools	16	10	26				
Oak Hill R-I Schools	16	10	26				
Skyline R-II Schools	14	12	26				
Ripley Co. R-IV Schools	15	11	26				
Success R-VI Schools	11	15	26				
Pemiscot Co. R-III Schools	14	11	25				
Pettis Co. R-XII Schools	15	10	25				
Wyandona C-1 Schools	15	9	24				

For more information on
The Public School Retirement System of Missouri and/or
the Non-Teacher School Employee Retirement System of Missouri,
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Comprehensive Annual Financial Report for the Year Ended June 30, 2001

